

City of Pella Pella, Iowa

Comprehensive Annual Financial Report

Year Ended June 30, 2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF PELLA

Pella, Iowa

Fiscal Year Ended June 30, 2020

PREPARED BY

City Finance Department

Corey Goodenow, Finance Director

City of Pella, Iowa
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June 30, 2020

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THE
CITY of PELLA

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"A Touch of Holland"
"Home of the Famous Tulip Festival"



January 26, 2021

To the Honorable Mayor, Members of the City Council and Citizens of City of Pella, Iowa:

State law requires that cities with a population of more than two thousand with \$1 million or more in budgeted expenditures in two consecutive years, within nine months of the close of each fiscal year, complete a set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2020.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Van Maanen, Sietstra, Meyer and Nikkel, PC, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Pella's financial statements for the year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the government

The City of Pella, incorporated in 1868, is located in the southeastern part of the state. It currently occupies 6.7 square miles and serves a population of 10,352. The City of Pella is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Pella has operated under the mayor-council form of government. Policy-making and legislative authority are vested in the governing council (Council) consisting of the mayor and six other members. Council members serve four-year terms, with three members elected every two years. The Mayor is elected for a four-year term. The Mayor, with Council approval, appoints the City of Pella's administrator, who in turn appoints its department heads.

The City of Pella provides a full range of services, including police and fire protection; snow removal; traffic control; on- and off-street parking; inspections; licenses and permits; vital statistics; the construction and maintenance of highways, streets, and other infrastructure; recreational and cultural activities; and library services. Additionally, the City of Pella provides, refuse collection, water treatment and distribution, wastewater collection and treatment, electric distribution and occasional

POLICE
PHN 641-628-4921
FAX 641-628-9653

LIBRARY
PHN 641-628-4268
FAX 641-628-1735

COMMUNITY SERVICES
PHN 641-628-4571
FAX 641-620-0011

ELECTRIC
PHN 641-628-2581
FAX 641-628-1642

PUBLIC WORKS
PHN 641-628-1601
FAX 641-628-1620

PLANNING & ZONING
PHN 641-628-1601
FAX 641-628-1620

generation. The City is currently in the process of constructing a fiber network that is expected to provide telecommunications services to the residents of the City of Pella beginning in the Spring of 2021.

The Council is required to adopt an initial budget for the fiscal year no later than March 31 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the City of Pella's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police).

Local economy

The City of Pella is headquarters for many corporations and functions as a regional hub for shopping and commerce. Major industries located within the government's boundaries or in proximity include hospitals, manufacturers of windows and doors, industrial and ag equipment as well as conveyor products and solutions. The Pella Community School District also has a significant economic presence, employing in total more than four hundred and fifty teachers, professionals, and support staff.

Because of its location in a region with a varied economic base, unemployment had been relatively stable. During the past ten years, the unemployment rate has fluctuated between an annual average of 6.7 and 2.1%. The recent pandemic temporarily impacted employment levels but was largely contained to the second quarter of 2020. The City of Pella continues to experience unemployment rates consistently lower than the national and state averages. Based on economic forecasts, unemployment rates are expected to remain stable, although subject to national and international economic factors.

Due to its strong and healthy local economy, the City of Pella has maintained a credit rating of Aa3 from Moody's Investor Service for its general debt obligation and a A2 rating for the City's Electric Revenue debt obligations, these ratings rank among the highest in the state for small to medium-sized cities.

Over the past ten plus years, the government has experienced a period of significant economic growth and investment, which includes more than \$386 million in new development. This growth has been largely due to the continued success of the City's large employers and diverse economic base. The City of Pella expects continued growth as major housing development occurs to support the expanded workforce. Additionally, the presence of retail and service industries, and the presence of recreational, educational and health facilities has even further strengthened the City of Pella's already strong economic base.

During the past ten years, the government's expenditures related to Public Safety and Culture and Recreation have been the primary driver in total expenditures of governmental funds. These increases have come as the City continues to see an increased demand in services, primarily in areas associated with schools and youth recreational opportunities. During this time, the City has added a School Resource Officer, opened a new recreational complex and provided additional programming. During this same period, charges, grants, donations and other program revenues have also increased, providing the necessary funding to support the additional staff and faculties.

Long-term financial planning and major initiatives

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year-end was 38 percent of total general fund expenditures. This amount exceeds the informal standard guidelines for budgetary and planning purposes of 25 percent. Annually,

during the City's budget process, Council reviews the City of Pella's strategic plan, including policy guidelines, and plans to ensure financial targets are met.

As part of its strategic plan, the City Council has emphasized the increase in development, particularly housing. The City of Pella's Comprehensive Plan in 2014 identified the need for an additional 480 housing units to be constructed to meet population demands through the year 2035. Furthermore, a more recent and in-depth housing analysis conducted in 2015 identified the need for an additional 966 housing units through the year 2025 to meet our community's housing needs. All forms of housing were noted as a need in our community. It is important to note; 966 housing units equates to roughly a 15% increase in the number of housing units currently located within our community. In an effort to meet the projected housing demand, the Council has partnered with local developers to open several new housing subdivisions that will provide additional housing options at all varying price points.

In addition, the City has made enhancements to the City's public utilities. Recently the City began constructing the necessary improvements to comply with new effluent limits and the City's wastewater treatment plant. The nearly \$6 million in repairs and improvements are expected to meet the new National Pollutant Discharge Elimination System (NPDES) requirements and extend the life of the City's treatment plant for twenty years. The improvements are expected to be completed by October 29, 2021.

The past year included significant steps to bring a municipal telecommunications utility to fruition. On April 21, 2020, the City Council awarded Excel Utility Contractors with a contract to construct a new fiber-optic network to serve the community's telecommunication needs and provide the necessary infrastructure to implement an advanced meter infrastructure (AMI) metering system for the City's existing utilities. The new utility is expected to provide high-speed internet, telephone, and video services to the City's residents. Service to customers is scheduled to begin in the spring of 2021 and conclude by the end of the calendar year. The implementation of these improvements will make the City one of the few true "gigabit- communities" in the state of Iowa.

The City of Pella maintains a five-year Capital Improvement Program, which serves as its planning document to ensure that its facilities, equipment, and infrastructure are well maintained and operating in peak condition. Under the guidance of the City Council, this process gives the City of Pella the ability to plan for its capital needs and allocate short- and long-term resources appropriately. As part of this process, the government identifies and quantifies the operational costs associated with its capital projects and budgets resources accordingly.

The fiscal year 2020-2021 Capital Improvement Program anticipates \$12 million in capital projects and includes roughly \$1 million for improvements to improve fire-flows and pressure on the west side of the City, over \$2 million in road, water and wastewater improvements to support a new corporate headquarters located in a new industrial area on the south-east side of the City. Additionally, the budget includes improvements to the Kiwanis Park of over \$1 million as well as other significant enhancements related to the City's quality of life initiatives.

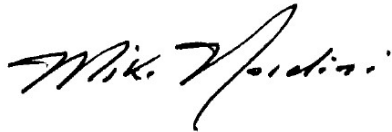
Awards and Acknowledgements

Each year the Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to the cities who publishes an easily readable and efficiently organized comprehensive annual financial report (CAFR) that satisfies both generally accepted accounting principles and applicable program requirements. The City of Pella

has never submitted a completed CAFR but expects to do so this year. We believe that the current CAFR meets the Certificate of Achievement for Excellence in Financial Reporting Program's requirements and are submitting it to the GFOA to determine its eligibility.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff, but particularly without the exceptional effort put forth by Vivian Vriezelaar, Accounting Manager. We wish to thank all city departments for their assistance in providing the data necessary to prepare this report. Credit is also due to the Mayor and Council for their support for maintaining the highest standards of professionalism in the management of the City of Pella's finances. Respectfully submitted,

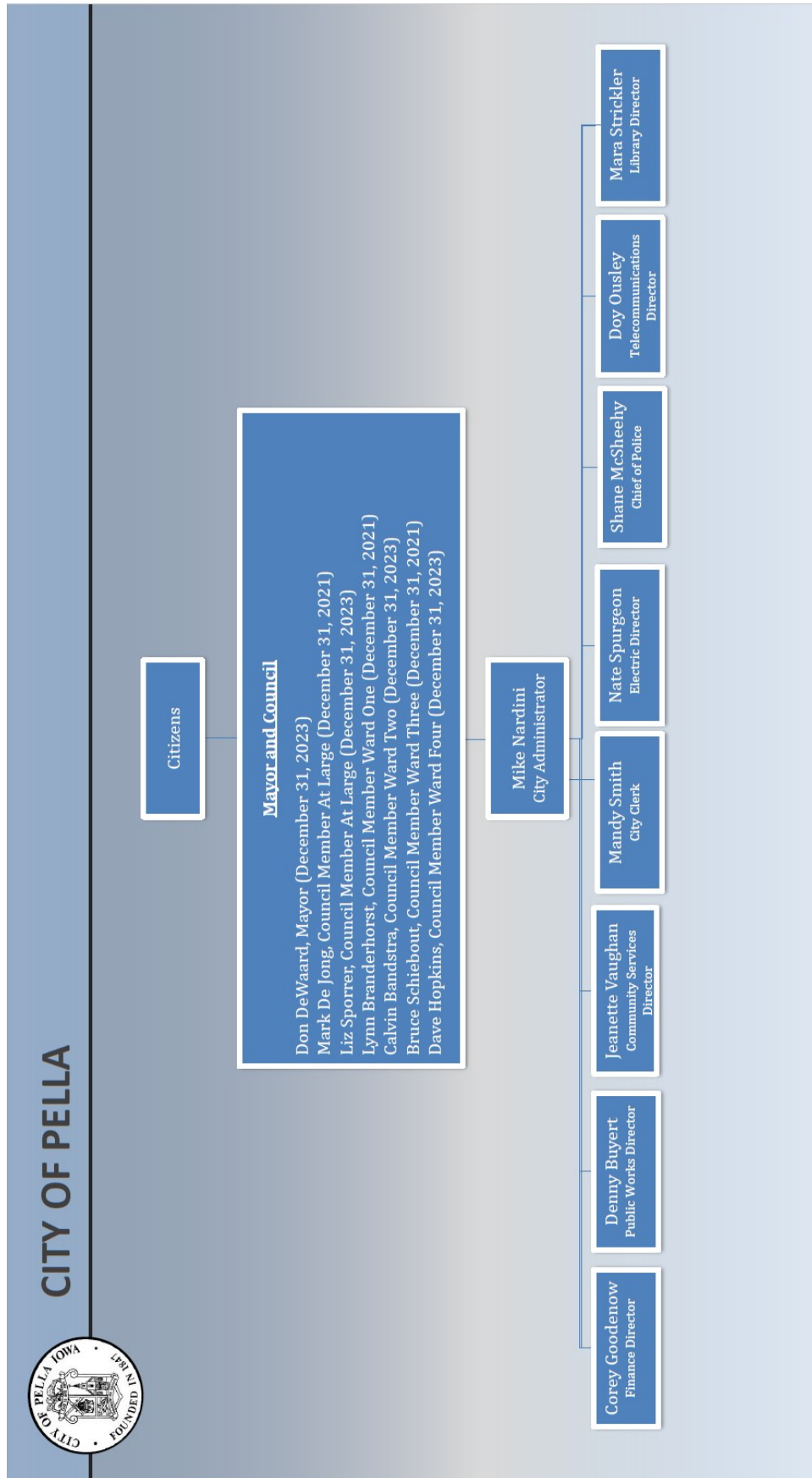
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Nardini". The script is fluid and cursive.

Mike Nardini, City Administrator

A handwritten signature in black ink, appearing to read "Corey Goodenow". The script is fluid and cursive.

Corey Goodenow, Finance Director



City of Pella, Iowa
Mayor and Council and City Officials
Year Ending June 30, 2020

(Before January 2020)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
James Mueller	Mayor	January, 2020
Mark De Jong	Council Member/ Mayor Pro Tem	January, 2022
Tony Bokhoven	Council Member	January, 2020
Harold Van Stryland	Council Member	January, 2020
Larry J. Peterson	Council Member	January, 2020
Bruce Schiebout	Council Member	January, 2022
Lynn Branderhorst	Council Member	January, 2022
Mike Nardini	City Administrator	Indefinite
Corey Goodenow	Finance Director	Indefinite
Ahlers & Cooney, PC		
Ms. Kristine Stone	Attorney	January 1, 2020
Mandy Smith	City Clerk	January, 2020

(After January 2020)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Don DeWaard	Mayor	January, 2024
Mark De Jong	Council Member/ Mayor Pro Tem	January, 2022
Bruce Schiebout	Council Member	January, 2022
Lynn Branderhorst	Council Member	January, 2022
Liz Sporrer	Council Member	January, 2024
Calvin Bandstra	Council Member	January, 2024
Dave Hopkins	Council Member	January, 2024
Mike Nardini	City Administrator	Indefinite
Corey Goodenow	Finance Director	Indefinite
Ahlers & Cooney, PC		
Ms. Kristine Stone	Attorney	January, 2022
Mandy Smith	City Clerk	January, 2022



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Van Maanen, Sietstra, Meyer & Nikkel, PC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Pella, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Pella, Iowa, as of and for the year ended June 30, 2020, and the related Notes to the Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Pella as of June 30, 2020, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability- IPERS, the Schedule of City Contributions – IPERS, Schedule of the City's Proportionate Share of the Net Pension Liability – MFPRSI, Schedule of City Contributions – MFPRSI, and the Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes on pages 9-15 and 63-72 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pella's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 3, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated January 26, 2021, on our consideration of the City of Pella's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City of Pella's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Pella's internal control over financial reporting and compliance.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

January 26, 2021

The City of Pella provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2020 FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Pella exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$112,357,060 (net position).
- The assets and deferred outflows of resources of the City's governmental activities exceeded liabilities and deferred inflows of resources by \$55,169,550.
- Assets and deferred outflows of resources of the business type activities exceeded liabilities and deferred inflows of resources by \$57,187,510.
- The revenues of the governmental activities exceeded expenses by \$1,446,605.
- Within the City's business-type activities, expenditures exceeded revenues by \$152,046. The City policy is to set rates that fund operation expenses and debt service requirements of business-type activities. In addition, rates are established to fund capital improvements either through pay-as-you go financing or through debt issues.
- At June 30, 2020, the general fund had an unassigned fund balance of \$2,591,016 or working capital of nearly 38% of annual expenditures.

USING THIS REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the City of Pella, Iowa as a whole and present an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide financial statements by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year, the City's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes for the Current Year.

Supplementary Information provides detailed information about the nonmajor governmental funds.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. The paragraphs below provide a brief description of the government-wide financial statements.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related

cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods such as uncollected taxes and earned but unused vacation leave.

The government-wide financial statements are divided into two categories:

Governmental activities - This category consists of services provided by the City that are principally supported by taxes and intergovernmental revenues. Basic City services such as police, fire, public works, planning, parks, the library, and general administration are governmental activities.

Business type activities - These activities are supported primarily by user fees. The services provided by the City in this category include water, sewer, sanitation, telecommunication services and electrical utilities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure compliance with legal requirements for financial transactions and reporting. The City has two kinds of funds:

Governmental funds are used to account for essentially the same functions reported as governmental in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balance of resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains two individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital project fund, both of which are considered to be major funds. Data from the other twenty-six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general, debt service, capital projects, and special revenue funds. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with this budget.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

Proprietary funds can be categorized into two groups, enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, sewer, telecommunications and environmental services utilities. Internal Service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its health insurance program.

The financial statements of the proprietary funds provide the same type of information as the government-wide financial statements with greater detail.

The financial statements required for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position as noted earlier, may serve as a useful indicator of a government's financial position when observed over time. The analysis that follows focuses on changes in the net position for governmental and business type activities.

	NET POSITION AT YEAR-END					
	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 14,459,955	\$ 12,891,562	27,094,328	13,861,279	41,554,283	26,752,841
Capital assets	53,857,589	53,257,784	70,281,830	70,093,649	124,139,419	123,351,433
Total assets	68,317,544	66,149,346	97,376,158	83,954,928	165,693,702	150,104,274
Deferred outflows of resources	1,435,386	1,712,327	633,488	741,469	2,068,874	2,453,796
Long-term liabilities	6,203,471	5,968,920	36,398,270	22,788,720	42,601,741	28,757,640
Other liabilities	959,732	1,816,695	4,034,207	4,203,366	4,993,939	6,020,061
Total Liabilities	7,163,203	7,785,615	40,432,477	26,992,086	47,595,680	34,777,701
Deferred inflows of resources	7,420,177	6,353,113	389,659	364,755	7,809,836	6,717,868
Net position:						
Net investment in capital assets	52,945,598	51,568,034	36,485,304	47,842,375	89,430,902	99,410,409
Restricted	3,402,681	2,831,007	10,530,536	828,241	13,933,217	3,659,248
Unrestricted	(1,178,729)	(676,096)	10,171,670	8,668,940	8,992,941	7,992,844
Total net position	\$ 55,169,550	53,722,945	57,187,510	57,339,556	112,357,060	111,062,501

The most significant portion of the City's net position (79.60%) is reflected in capital assets such as land, buildings, infrastructure, machinery, and equipment less any related outstanding debt used to acquire those assets. These capital assets are used to provide services to the citizens and are not available for future spending. A portion of the City's net position (12.40%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position or the unrestricted net position of \$8,992,941 may be used to meet the City's ongoing obligations to citizens and creditors.

City of Pella, Iowa
Management Discussion and Analysis
June 30, 2020

	CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2020					
	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for service	\$ 885,948	\$ 781,978	25,832,047	25,484,758	26,717,995	26,266,736
Operating grants, contributions	1,683,105	1,892,956	-	-	1,683,105	1,892,956
Capital grants, contributions	1,268,177	981,494	-	-	1,268,177	981,494
General revenues:						
Property tax levied for:						
General purposes	5,854,763	5,252,732	-	-	5,854,763	5,252,732
Local option taxes	1,525,549	1,421,039	-	-	1,525,549	1,421,039
TIF	380,432	1,619,812	-	-	380,432	1,619,812
Grants & contributions not restricted to specific purposes	173,171	177,119	-	-	173,171	177,119
Payment in lieu of taxes	579,830	576,731	-	-	579,830	576,731
Unrestricted Investment earnings	76,815	84,423	154,195	164,910	231,010	249,333
Miscellaneous			170,898	801,028	170,898	801,028
Gain on sale of assets	11,000	6,667	270	3,025	11,270	9,692
Transfers	498,516	(351,934)	(498,516)	351,934	-	-
Total revenues	12,937,306	12,443,017	25,658,894	26,805,655	38,596,200	39,248,672
Expenses						
General government	1,225,900	983,626	-	-	1,225,900	983,626
Public Safety	3,011,082	2,777,978	-	-	3,011,082	2,777,978
Public Works	2,322,519	2,340,041	-	-	2,322,519	2,340,041
Culture & Recreation	3,631,394	3,402,043	-	-	3,631,394	3,402,043
Community & Economic Development	720,399	650,973	-	-	720,399	650,973
Facilities & Acquisition	551,872	1,363,171	-	-	551,872	1,363,171
Long-term debt and interest cost	27,535	40,548	-	-	27,535	40,548
Water	-	-	2,896,436	2,838,389	2,896,436	2,838,389
Wastewater	-	-	2,685,246	2,459,485	2,685,246	2,459,485
Sanitation	-	-	609,274	578,140	609,274	578,140
Electric	-	-	19,071,181	19,837,771	19,071,181	19,837,771
Telecommunications	-	-	548,803	-	548,803	-
Total expenses	11,490,701	11,558,380	25,810,940	25,713,785	37,301,641	37,272,165
Change in net position	1,446,605	884,637	(152,046)	1,091,870	1,294,559	1,976,507
Net position beginning of year, as restated	53,722,945	52,838,308	57,339,556	56,247,686	111,062,501	109,085,994
Net position end of year	\$ 55,169,550	53,722,945	57,187,510	57,339,556	112,357,060	111,062,501

FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS

Governmental funds provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balances serve as a useful measure of a government's net resources available at the end of the fiscal year.

The City's governmental funds reported a combined fund balance of \$6,250,014 at June 30, 2020. This was an increase of \$712,452 from the prior year and was due to capital project timing associated with major projects. A summary of each of the government major fund balances is as follows:

General Fund

The general fund's balance decreased by \$112,071 in Fiscal Year 2020. As a result, the City's fund balance decreased to \$2,592,551, which represents approximately 37% of annual expenditures. This modest decrease was planned and largely due to the timing of capital projects.

Capital Projects Funds

The capital project funds are comprised of one main fund and four smaller funds.

Capital Facilities Fund had a fund balance of \$254,440 at June 30, 2020. General Fund capital improvement projects are funded out of this fund. Annually the General Fund transfers amounts to cover expenditures made in the Capital Facilities Fund.

Other Capital Facility Funds had a total fund balance of \$0 at June 30, 2020.

Proprietary Funds

The City's proprietary funds provide the same information found in the government-wide financial statements with greater detail.

The combined net position of the enterprise funds at June 30, 2020 totaled \$57,187,510 of which \$10,171,670 is unrestricted. Overall, net position for the enterprise funds decreased by \$152,046 largely due to the start-up expenditures for the telecommunications utility. The net decrease associated with the utility was expected and will continue to have a negative net position until the utility begins to generate revenue, which is expected to occur in the spring of 2021.

The net position of internal service funds, which is comprised of the City's health insurance trust fund decreased from \$460,040 to \$374,385. The decrease was due to an increase in health insurance premiums. The City continues to maintain sufficient funding to support the fund and provide employee benefits.

BUDGETARY HIGHLIGHTS

In accordance with Iowa Code, the city council annually adopts a budget following a required public notice and hearing for all funds. Although the budget document presents functional disbursement by fund, the legal level of control is aggregated at the functional level, not at the fund or fund type level. There were no budget amendments for the FY 2020 budget.

CAPITAL ASSETS

Capital Assets

Major construction projects and purchases along with the associated expenses for the year included the following:

Governmental Activities

Police Department body worn/in-car cameras for \$66,422
Library Boiler replacement for \$43,075
Community Services Roof Repair for \$39,900
Kiwanis Tennis and Pickleball renovation \$42,949
Airport Wildlife Fence for \$367,673
Airport Runway Rehabilitation for \$123,399
Second Christian Reformed land purchase for \$404,505
Parks Department new mower for \$48,914
Caldwell Park Tennis Court resurfacing for \$73,700
Tuttle Cabin Walk construction for \$108,257
Sports Park Phase II for \$212,227
Oost Poort Alley reconstruction for \$394,537
Public Works Department new skid loader for \$45,470

Water Fund

The implementation of the City's long-term water supply plan amounted to \$423,218
Jordon Well Pump repair for \$123,305

Fifield Road water improvements \$59,991
Dump Truck Replacement (1/2 funded by the Wastewater Department) for \$74,937
W 3rd Water Main Project for \$53,000

Wastewater Fund

W 3rd Relief Sewer Project for \$237,647
Pickup Replacement for \$32,184
Wastewater Treatment Plant Improvements for \$260,032
Dump Truck Replacement (1/2 funded by the Water Department) for \$74,937
Lift Station Repairs for \$63,000

Electric Fund

Alley Underground Conversions for \$146,576
Diesel Fuel Tank Enclosure for \$53,795
Fiber Infrastructure for \$1,320,835
Telecommunications Building for \$474,973

Telecommunications Fund

Five Fleet Vehicles for \$144,389
Utility Engineering for \$58,089
Grinnell to Pella Transport Project for \$106,569

Additional information concerning the City's capital assets can be found in the notes to the financial statements.

DEBT ADMINISTRATION

At the close of fiscal year ended June 30, 2020, the City had bonds outstanding of \$33,975,859. The City maintains an Aa3 rating from Moody's Investor Services on all its general obligation debt and an A2 on electric revenue debt.

State statutes limit the amount of general obligation debt an Iowa city may issue to five percent of the actual assessed valuation at January 1, 2018. The current general obligation debt limitation for the City is \$41,514,613 and at June 30, 2020 there was \$1,145,000 of outstanding general obligation debt. Therefore, the City's available debt margin is \$40,369,613 or 97.24%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Over the past several years, the City has seen considerable residential and commercial growth. For the first time, the City topped \$1 billion in 100% valuation with the January 1, 2020 assessments. This represents an increase of nearly 30% in 100% valuation over the past five years. During this same period, the City experienced nearly 27% growth in taxable valuation.

Additionally, an unprecedented number of building permits for both residential and commercial construction occurred during the past several years. Private enterprise's significant investment has resulted in a substantial rise in the quantity and variety of housing needs throughout the community. To encourage these endeavors, the City has entered into various economic development agreements to provide additional funding to support the infrastructure required to serve these initiatives.

While the City has seen continued growth over the past year, the COVID-19 pandemic had a minor impact on a small number of the City's revenue sources. This impact is expected to continue into fiscal year 2021. Fortunately, federal and state assistance were able to offset any unanticipated shortfalls, thereby limiting the effect on the City's finances and operations.

Listed below is a brief summary of the City's property and utility rates as established in the Fiscal Year 2021 Budget:

Property Taxes

The City was able to maintain its property tax rate at the historically stable rate of \$10.20/\$1,000 of taxable valuation. The expected rate for FY 2022 continues the City's commitment to maintaining one of the lowest property tax rates in the state.

Electric Rates

Missouri River Energy Services (MRES) has indicated there will not be a power supply cost increase in the in the coming year. This will allow the City to maintain rates for the upcoming year. Stable rates and healthy transmission rate recovery revenue will enable the City to support continued operational and capital expenditures associated with the utility.

Water Rates

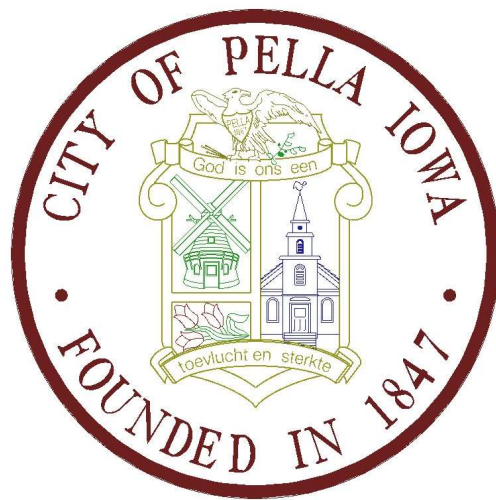
The City has recently completed the \$16 million water supply plan. Rates were increased in the past three fiscal years to accommodate the debt payments associated with the project. Future rate increases are reviewed annually during the budget process to ensure funding availability to support continued improvements to the City's distribution system.

Wastewater Rates

In August of 2020, the City initiated a rate increase of 8%. This increase was necessary to support the debt service associated with the capital improvements required to maintain the City's National Pollutant Discharge Elimination System NPDES permit. Future rate increases are likely but will be minimized as the City continues to retire existing debt obligations.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or request for additional information should be directed to the Finance Director, 825 Broadway Street, Pella, Iowa 50219.



Basic Financial Statements

City of Pella, Iowa
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 3,229,763	12,542,920	15,772,683
Receivables:			
Property tax:			
Delinquent	46,039	-	46,039
Succeeding year	6,168,902	-	6,168,902
Tax Increment financing:			
Succeeding year	708,799	-	708,799
Local option sales tax	94,397	-	94,397
Accounts (net of allowance for uncollectibles)	107,975	2,513,588	2,621,563
Accrued interest	98	285	383
Due from other governments	699,766	725,589	1,425,355
Inventories	-	654,226	654,226
Deposits	-	70,000	70,000
Prepaid expenses	1,535	-	1,535
Restricted assets:			
Cash and pooled investments	3,402,681	10,587,720	13,990,401
Capital assets(net of accumulated depreciation)	53,857,589	70,281,830	124,139,419
Total assets	68,317,544	97,376,158	165,693,702
Deferred Outflows of Resources			
Pension related deferred outflows	1,375,896	588,198	1,964,094
OPEB related deferred outflows	59,490	45,290	104,780
Total deferred outflows of resources	1,435,386	633,488	2,068,874
Liabilities			
Excess of warrants over bank balance	\$ 8,020	195,941	203,961
Accounts payable and accrued liabilities	521,306	3,487,104	4,008,410
Salaries and benefits payable	347,849	159,661	507,510
Due to other governments	80,305	-	80,305
Deposits	375	127,184	127,559
Accrued interest payable	1,877	64,317	66,194
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds/notes, net	383,319	-	383,319
Revenue bonds payable, net	-	1,974,578	1,974,578
Compensated absences	136,029	107,809	243,838
Portion due or payable after one year:			
General obligation bonds, net	783,112	-	783,112
Revenue bonds payable, net	-	31,821,948	31,821,948
Compensated absences	544,111	431,235	975,346
Net pension liability	4,107,763	1,873,033	5,980,796
Net OPEB liability	249,137	189,667	438,804
Total liabilities	7,163,203	40,432,477	47,595,680

City of Pella, Iowa
Statement of Net Position
June 30, 2020

Continued from previous page.

Deferred Inflows of Resources

Unavailable revenues:

Pension related deferred inflows	541,252	388,727	929,979
OPEB related deferred inflows	1,224	932	2,156
Succeeding year property tax	6,168,902	-	6,168,902
Succeeding year tax increment financing	708,799	-	708,799

Total deferred inflows of resources

Primary Government		
Governmental Activities	Business Type Activities	Total
7,420,177	389,659	7,809,836

Net Position

Net investment in capital assets	52,945,598	36,485,304	89,430,902
Restricted for:			
Expendable:			
Debt service, improvements and reserve	-	10,460,536	10,460,536
Special Purposes	3,261,146	-	3,261,146
Non-expendable:			
Permanent Trust	140,000	-	140,000
Prepaid expenditures	1,535	-	1,535
Deposits	-	70,000	70,000
Unrestricted	(1,178,729)	10,171,670	8,992,941
Total net position	\$ 55,169,550	57,187,510	112,357,060

See notes to financial statements.

City of Pella, Iowa
Statement of Activities
Year ended June 30, 2020

	Expenses	Charges for Service	Program Revenues	
			Operating Grants, Contributions & Restricted Interest	Capital Grants, Contributions & Restricted Interest
Functions/Programs				
Governmental activities:				
Public safety	\$ 3,011,082	26,836	107,952	6,816
Public works	2,322,519	90,147	1,383,829	611,722
Culture and recreation	3,631,394	433,449	191,324	649,000
Community and economic development	720,399	312,574	-	-
General government	1,225,900	22,942	-	-
Long-term debt costs and interest	27,535	-	-	-
Facilities and acquisition	551,872	-	-	639
Total governmental activities	11,490,701	885,948	1,683,105	1,268,177
Business type activities:				
Water	2,896,436	2,565,765	-	-
Wastewater	2,685,246	2,332,132	-	-
Sanitation	609,274	625,764	-	-
Electric	19,071,181	20,308,373	-	-
Telecommunications	548,803	13	-	-
Total business type activities	25,810,940	25,832,047	-	-
Total primary government	\$ 37,301,641	26,717,995	1,683,105	1,268,177
General Revenues:				
Property and other city tax levied for:				
General purposes				
Tax increment financing				
Local option sales tax				
Grants and contributions not restricted to specific programs				
Payments in lieu of taxes				
Unrestricted investment earnings				
Miscellaneous				
Sale/disposal of assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position beginning of year				
Net position end of year				
See notes to financial statements.				

Exhibit B

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
(2,869,478)	-	(2,869,478)
(236,821)	-	(236,821)
(2,357,621)	-	(2,357,621)
(407,825)	-	(407,825)
(1,202,958)	-	(1,202,958)
(27,535)	-	(27,535)
(551,233)	-	(551,233)
(7,653,471)	-	(7,653,471)
-	(330,671)	(330,671)
-	(353,114)	(353,114)
-	16,490	16,490
-	1,237,192	1,237,192
-	(548,790)	(548,790)
-	21,107	21,107
(7,653,471)	21,107	(7,632,364)
5,854,763	-	5,854,763
380,432	-	380,432
1,525,549	-	1,525,549
173,171	-	173,171
579,830	-	579,830
76,815	154,195	231,010
-	170,898	170,898
11,000	270	11,270
498,516	(498,516)	-
9,100,076	(173,153)	8,926,923
1,446,605	(152,046)	1,294,559
53,722,945	57,339,556	111,062,501
\$ 55,169,550	57,187,510	112,357,060

Exhibit C

City of Pella, Iowa
Balance Sheet
Governmental Funds
June 30, 2020

	Major Funds		Non-major	
	General	Capital Projects	Other Governmental Funds	Total
Assets				
Cash, cash equivalents and pooled investments	\$ 2,637,547	208,490	3,376,596	6,222,633
Receivables:				
Accrued interest	76	2	-	78
Property tax:				
Delinquent	35,332	-	10,707	46,039
Succeeding year	5,006,986	-	1,161,916	6,168,902
Tax increment financing:				
Succeeding year	-	-	708,799	708,799
Local option sales tax	-	-	94,397	94,397
Accounts receivable, miscellaneous	64,792	37,929	3,870	106,591
Due from other governments	576,367	123,399	-	699,766
Prepaid expenditures	1,535	-	-	1,535
Total assets	\$ 8,322,635	369,820	5,356,285	14,048,740
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Excess of warrants over bank balance	\$ -	-	8,020	8,020
Accounts payable and accrued liabilities	322,243	115,380	46,853	484,476
Salaries and benefits payable	320,550	-	27,299	347,849
Due to other governments	80,305	-	-	80,305
Customer deposits	-	-	375	375
Total liabilities	723,098	115,380	82,547	921,025
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	5,006,986	-	1,161,916	6,168,902
Succeeding year tax increment financing	-	-	708,799	708,799
Total deferred inflows of resources	5,006,986	-	1,870,715	6,877,701
Fund balances:				
Nonspendable:				
Prepaid expenditures	1,535	-	-	1,535
Permanent Trust	-	-	140,000	140,000
Restricted for:				
Debt Service	-	-	1,877	1,877
Other purposes	-	254,440	3,261,146	3,515,586
Unassigned	2,591,016	-	-	2,591,016
Total fund balances	2,592,551	254,440	3,403,023	6,250,014
Total liabilities, deferred inflows of resources and fund balances	\$ 8,322,635	369,820	5,356,285	14,048,740

See notes to financial statements.

Exhibit D

City of Pella, Iowa
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2020

Total fund balances of governmental funds (Exhibit C)	\$	6,250,014
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$87,150,151 and the accumulated depreciation is \$33,292,562.		53,857,589
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Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$	1,435,386	
Deferred inflows of resources		(542,476)	892,910

An internal service fund is used by management to track the collection and payment of various employee benefits. The assets and liabilities of the internal service fund are included in the statement of net position.		374,385
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Long-term liabilities, including bonds/notes payable, bond discounts or premiums (initial and amortized), accrued interest payable, lease payable, compensated absences payable, net pension liabilities and other postemployment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

General obligation bonds payable	\$	(1,145,000)	
Bond discounts		3,748	
Bond premiums		(25,179)	
Accrued interest		(1,877)	
Compensated absences		(680,140)	
Net pension liability		(4,107,763)	
Other post employment benefits		(249,137)	
			(6,205,348)

Net position of governmental activities (Exhibit A)	\$	<u><u>55,169,550</u></u>
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See notes to financial statements.

Exhibit E

City of Pella, Iowa
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2020

	Major Funds		Non-major	
	General	Capital Projects	Other Governmental Funds	Totals
Revenues:				
Property tax	\$ 4,350,056	-	987,804	5,337,860
Tax increment financing	-	-	380,432	380,432
Local option sales tax	-	-	1,525,549	1,525,549
Other city taxes	513,554	-	3,349	516,903
Licenses and permits	325,316	-	-	325,316
Use of money and property	93,149	639	27,819	121,607
Intergovernmental	890,580	138,038	1,378,155	2,406,773
Special Assessments	-	77,930	-	77,930
Charges for services	413,294	-	-	413,294
Miscellaneous	36,859	748,326	56,469	841,654
Total revenues	6,622,808	964,933	4,359,577	11,947,318
Expenditures:				
Operating:				
Public safety	2,543,379	-	24,793	2,568,172
Public works	261,766	-	978,428	1,240,194
Culture and recreation	2,677,785	-	26,018	2,703,803
Community and economic development	668,211	-	50,933	719,144
General government	943,772	-	-	943,772
Debt service	-	-	551,975	551,975
Capital projects	-	3,017,294	-	3,017,294
Total expenditures	7,094,913	3,017,294	1,632,147	11,744,354
Excess (deficiency) of revenues over (under) expenditures	(472,105)	(2,052,361)	2,727,430	202,964
Other financing sources (uses):				
Transfers in	1,807,178	2,295,801	580,631	4,683,610
Transfers (out)	(1,447,144)	-	(2,737,950)	(4,185,094)
Unrealized gains (losses) on investments	-	-	(28)	(28)
Proceeds from sale of assets	-	11,000	-	11,000
Total other financing sources (uses)	360,034	2,306,801	(2,157,347)	509,488
Change in fund balances	(112,071)	254,440	570,083	712,452
Fund balances beginning of year	2,704,622	-	2,832,940	5,537,562
Fund balances end of year	\$ 2,592,551	254,440	3,403,023	6,250,014

See notes to financial statements.

City of Pella, Iowa
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds to the Statement of Activities
Year ended June 30, 2020

Change in fund balances - Total governmental funds (Exhibit E) **\$ 712,452**

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and depreciation expense in the current year are as follows:

Expenditures for capital assets	\$ 2,958,235	
Loss on equipment disposal/transfer	(12,313)	
Depreciation expense	<u>(2,346,117)</u>	599,805

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position. Also governmental funds report the effect of bond discounts and premiums, whereas these amounts are deferred and amortized in the Statement of Activities. Current year items are as follows:

Repaid	515,000	
Amortization of bond premiums	9,745	
Amortization of bond discounts	<u>(1,426)</u>	523,319

An internal service fund is used by management to track collections of medical and dental insurance premiums and Section 125 deductions from the employer and employee as well as disbursements for health and dental insurance premiums and claims, Section 125 claims, and other employee benefits.

Interest revenue from governmental internal service fund	8,359	
Employer funds for benefits shifted from other funds	824,265	
Employee benefits collected through withholding	219,975	
Claims and premiums paid out	<u>(1,138,254)</u>	(85,655)

The current year City IPERS and MFPRSI contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position.

516,812

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(27,052)	
OPEB income (expense)	(5,426)	
Pension expense	(788,771)	
Interest on long-term debt	<u>1,121</u>	(820,128)

Change in net position of governmental activities (Exhibit B) **\$ 1,446,605**

See notes to financial statements.

City of Pella, Iowa
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business Type Activities						Governmental
	Enterprise Funds						Internal
	Water	Wastewater	Electric	Sanitation	Telecommunications	Totals	Service Funds
Assets							
Current assets:							
Cash, cash equivalents and pooled investments	\$ 909,646	454,369	10,924,747	254,158	-	12,542,920	409,811
Receivables:							
Customer accounts and unbilled usage (net of allowance for uncollectibles)	205,192	186,565	2,071,254	50,564	13	2,513,588	1,384
Accrued interest	20	12	248	5	-	285	20
Due from other governments	-	339,260	-	-	-	339,260	-
Due from other agencies	-	-	-	-	386,329	386,329	-
Inventories	114,294	112,655	427,277	-	-	654,226	-
Security Deposit	-	-	70,000	-	-	70,000	-
Total current assets	1,229,152	1,092,861	13,493,526	304,727	386,342	16,506,608	411,215
Non-current assets:							
Restricted cash and cash equivalents	-	-	10,587,720	-	-	10,587,720	-
Capital assets (net of accumulated depreciation/amortization)	20,452,399	9,622,146	39,866,742	-	340,543	70,281,830	-
Total non-current assets	20,452,399	9,622,146	50,454,462	-	340,543	80,869,550	-
Total assets	\$ 21,681,551	10,715,007	63,947,988	304,727	726,885	97,376,158	411,215
Deferred Outflows of Resources							
Pension related deferred outflows	134,213	118,984	298,878	12,483	23,640	588,198	-
OPEB related deferred outflows	10,182	11,045	20,378	1,220	2,465	45,290	-
Total deferred outflows	144,395	130,029	319,256	13,703	26,105	633,488	-
Liabilities							
Current liabilities:							
Excess of warrants over bank balance	\$ -	-	-	-	195,941	195,941	-
Accounts payable and accrued liabilities	93,554	273,660	2,906,337	38,892	174,661	3,487,104	36,830
Salaries and benefits payable	33,886	31,316	78,439	3,171	12,849	159,661	-
Accrued interest payable	17,551	8,706	36,532	-	1,528	64,317	-
Compensated absences payable	32,378	22,493	51,828	534	576	107,809	-
Payable from restricted assets:							
Revenue notes, net	646,000	559,000	769,578	-	-	1,974,578	-
Deposits	-	-	127,184	-	-	127,184	-
Total current liabilities	823,369	895,175	3,969,898	42,597	385,555	6,116,594	36,830
Noncurrent liabilities:							
Revenue notes, net	11,929,451	3,851,170	15,176,089	-	865,238	31,821,948	-
Compensated absences payable	129,512	89,973	207,314	2,134	2,302	431,235	-
Net pension liability	427,433	378,844	951,678	39,821	75,257	1,873,033	-
Net OPEB liability	42,641	46,255	85,335	5,111	10,325	189,667	-
Total noncurrent liabilities	12,529,037	4,366,242	16,420,416	47,066	953,122	34,315,883	-
Total liabilities	13,352,406	5,261,417	20,390,314	89,663	1,338,677	40,432,477	36,830
Deferred Inflows of Resources							
Unavailable revenues:							
Pension related deferred inflows	88,710	78,624	197,509	8,265	15,619	388,727	-
OPEB related deferred inflows	210	227	419	25	51	932	-
Total deferred inflows	88,920	78,851	197,928	8,290	15,670	389,659	-
Net Position							
Net investment in capital assets	7,876,948	5,211,976	23,921,075	-	(524,695)	36,485,304	-
Restricted for:							
Nonexpendable:							
Security Deposit	-	-	70,000	-	-	70,000	-
Expendable:							
Revenue bond reserve	-	-	1,199,740	-	-	1,199,740	-
Improvement reserve	-	-	9,260,796	-	-	9,260,796	-
Unrestricted	507,672	292,792	9,227,391	220,477	(76,662)	10,171,670	374,385
Total net position	\$ 8,384,620	5,504,768	43,679,002	220,477	(601,357)	57,187,510	374,385

See notes to financial statements

Exhibit H

City of Pella, Iowa
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
June 30, 2020

	Business Type Activities						Governmental Activities
	Enterprise Funds						Internal Service Funds
	Water	Wastewater	Electric	Sanitation	Telecommunications	Totals	
Operating revenues:							
Charges for service (pledged for revenue notes)	\$ 2,498,358	2,330,825	16,428,207	625,764	-	21,883,154	-
Miscellaneous	67,407	1,307	3,880,166	-	13	3,948,893	-
Internal service charges	-	-	-	-	-	-	1,044,240
Total operating revenues	2,565,765	2,332,132	20,308,373	625,764	13	25,832,047	1,044,240
Operating expenses:							
Business type activities:							
Personnel services	849,298	815,827	1,866,606	101,522	229,532	3,862,785	-
Contractual	-	41,950	-	476,092	1,970	520,012	934,121
Materials and Supplies	686,503	657,165	2,341,168	31,660	69,180	3,785,676	-
Purchased power	-	-	12,176,467	-	-	12,176,467	-
Payments in lieu of taxes	-	-	579,830	-	-	579,830	-
Payments in lieu of services	-	-	66,880	-	-	66,880	-
Depreciation/Amortization	1,104,489	981,863	1,717,043	-	1,965	3,805,360	-
Claims expense	-	-	-	-	-	-	204,133
Total operating expenses	2,640,290	2,496,805	18,747,994	609,274	302,647	24,797,010	1,138,254
Operating income (loss)	(74,525)	(164,673)	1,560,379	16,490	(302,634)	1,035,037	(94,014)
Non-operating revenues (expenses):							
Debt costs and interest	(256,146)	(188,441)	(274,006)	-	(246,156)	(964,749)	-
Interest income	13,834	8,049	128,920	3,392	-	154,195	8,359
Rents	-	19,650	-	-	-	19,650	-
Sale/disposal of fixed assets	270	-	(49,181)	-	-	(48,911)	-
Unrealized gains (losses) on investments	-	-	2,153	-	-	2,153	-
Miscellaneous revenues	59,950	83,700	-	5,445	-	149,095	-
Net non-operating revenues (expenses)	(182,092)	(77,042)	(192,114)	8,837	(246,156)	(688,567)	8,359
Income (loss) before operating transfers	(256,617)	(241,715)	1,368,265	25,327	(548,790)	895,260	(85,655)
Transfers in	59,991	-	3,067	-	-	63,058	-
Transfers (out)	(28,172)	(28,172)	(395,845)	(56,818)	(52,567)	(561,574)	-
Net other financing sources (uses)	31,819	(28,172)	(392,778)	(56,818)	(52,567)	(498,516)	-
Change in net position	(224,798)	(269,887)	975,487	(31,491)	(601,357)	(152,046)	(85,655)
Net position beginning of year	8,609,418	5,774,655	42,703,515	251,968	-	57,339,556	460,040
Net position end of year	\$ 8,384,620	5,504,768	43,679,002	220,477	(601,357)	57,187,510	374,385

See notes to financial statements.

City of Pella, Iowa
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2020

	Business Type Activities						Governmental
	Enterprise Funds						Activities
	Water	Wastewater	Electric	Sanitation	Telecommunications	Total	Internal Service Funds
Cash flows from operating activities:							
Cash received from customers and users	\$ 2,547,839	2,324,140	20,153,586	627,419	-	25,652,984	-
Cash received from internal service charges	-	-	-	-	-	-	1,044,114
Cash paid for personal services	(832,843)	(738,983)	(1,819,673)	(75,798)	(138,658)	(3,605,955)	-
Cash paid to suppliers	(685,432)	(523,739)	(13,339,123)	(508,978)	103,511	(14,953,761)	(1,205,788)
Replacement tax, transfers	-	-	(579,830)	-	-	(579,830)	-
Net cash provided (used) by operating activities	1,029,564	1,061,418	4,414,960	42,643	(35,147)	6,513,438	(161,674)
Cash flows from non-capital financing activities:							
Miscellaneous receipts	59,950	103,350	-	5,445	-	168,745	-
Transfers in (out)	31,819	(28,172)	(392,778)	(56,818)	(52,567)	(498,516)	-
Net cash provided (used) by non-capital financing activities	91,769	75,178	(392,778)	(51,373)	(52,567)	(329,771)	-
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(851,853)	(808,675)	(1,990,505)	-	(342,508)	(3,993,541)	-
Principal paid on revenue notes	(691,000)	(538,000)	(700,000)	-	-	(1,929,000)	-
Proceeds from revenue bonds issued	423,149	536,705	11,657,424	-	865,238	13,482,516	-
Interest costs (not capitalized)	(243,521)	(116,385)	(123,377)	-	-	(483,283)	-
Other long-term debt costs	(16,449)	(73,049)	(132,642)	-	(246,156)	(468,296)	-
Proceeds (losses) from sale of capital assets	270	-	(49,181)	-	-	(48,911)	-
Net cash provided (used) by capital and related financing activities	(1,379,404)	(999,404)	8,661,719	-	276,574	6,559,485	-
Cash flows from investing activities:							
Proceeds from (deposits into) investments	18,669	(94,862)	171,181	(25)	(384,801)	(289,838)	8,138
Interest on investments	13,929	8,149	132,156	3,408	-	157,642	8,435
Net cash provided (used) by investing activities	32,598	(86,713)	303,337	3,383	(384,801)	(132,196)	16,573
Net increase (decrease) in cash and cash equivalents	(225,473)	50,479	12,987,238	(5,347)	(195,941)	12,610,956	(145,101)
Cash and cash equivalents at beginning of year	1,106,043	386,704	7,993,496	252,895	-	9,739,138	534,117
Cash and cash equivalents at end of year	\$ 880,570	437,183	20,980,734	247,548	(195,941)	22,350,094	389,016

City of Pella, Iowa
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2020

Continued from previous page

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

	Business Type Activities						Governmental Activities
	Enterprise Funds						Internal Service Funds
	Water	Wastewater	Electric	Sanitation	Telecommunications	Total	
Operating income (loss)	\$ (74,525)	(164,673)	1,560,379	16,490	(302,634)	1,035,037	(94,014)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation/Amortization	1,104,489	981,863	1,717,043	-	1,965	3,805,360	-
Change in assets and liabilities:							
(Increase) decrease in receivables	(771)	11,731	(162,039)	1,655	(13)	(149,437)	(126)
(Increase) decrease in inventory	(10,066)	287	23,137	-	-	13,358	-
Increase (decrease) in accounts payable	11,137	175,089	1,222,255	(1,226)	174,661	1,581,916	(67,534)
Increase (decrease) in accrued expenses	3,818	6,630	12,267	1,108	12,849	36,672	-
Increase (decrease) in compensated absences	7,857	13,837	24,135	1,535	2,878	50,242	-
Increase (decrease) in customer advances	(17,155)	(19,723)	-	-	-	(36,878)	-
Increase in deposits held	-	-	7,252	-	-	7,252	-
Increase (decrease) in net pension liability	(79,015)	(16,177)	(13,948)	17,570	75,257	(16,313)	-
Increase (decrease) in net OPEB liability	5,045	15,054	21,623	1,297	10,325	53,344	-
(Increase) decrease in deferred outflows of resources	69,950	39,049	26,674	(1,587)	(26,105)	107,981	-
Increase (decrease) in deferred inflows of resources	8,800	18,451	(23,818)	5,801	15,670	24,904	-
Total adjustments	1,104,089	1,226,091	2,854,581	26,153	267,487	5,478,401	(67,660)
Net cash provided (used) by operating activities	\$ 1,029,564	1,061,418	4,414,960	42,643	(35,147)	6,513,438	(161,674)

Reconciliation of cash and cash equivalents at year end to specific assets included on the Statement of Net Position:

Current assets:

Unrestricted assets:

Cash, cash equivalents and pooled investments	\$ 909,646	454,369	10,924,747	254,158	(195,941)	12,346,979	409,811
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Restricted assets:

Cash and pooled investments:

Revenue bond reserve	-	-	1,199,740	-	-	1,199,740	-
Improvement reserve	-	-	9,260,796	-	-	9,260,796	-
Customer deposits & project share	-	-	127,184	-	-	127,184	-
	-	-	10,587,720	-	-	10,587,720	-

Total cash, cash equivalents and pooled investments	909,646	454,369	21,512,467	254,158	(195,941)	22,934,699	409,811
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Less items not meeting definition of cash and cash equivalent:

Certificates of deposit	(14,985)	(8,857)	(172,627)	(3,407)	-	(199,876)	(10,717)
Iowa Public Agency Investment Trust	(14,091)	(8,329)	(162,335)	(3,203)	-	(187,958)	(10,078)
Government Bonds	-	-	(196,771)	-	-	(196,771)	-
	(29,076)	(17,186)	(531,733)	(6,610)	-	(584,605)	(20,795)

Cash and cash equivalents at year end	\$ 880,570	437,183	20,980,734	247,548	(195,941)	22,350,094	389,016
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Exhibit I

City of Pella, Iowa
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2020

	Business Type Activities						Governmental	
	Enterprise Funds						Internal	
	Water	Wastewater	Electric	Sanitation	Telecommunications	Total	Service Funds	
Continued from previous page								
Non-cash investing, capital and financing activities:								
Current premium amortization, prior cash payment	\$	-	-	11,338	-	-	11,338	-
Current discount amortization, prior cash receipt		-	-	(3,074)	-	-	(3,074)	-

See notes to financial statements.

(1) **Summary of Significant Accounting Policies**

The City of Pella, Iowa is a political subdivision of the State of Iowa located in Marion County. It was incorporated in 1868 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council-Manager form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development and general government services. It also operates the airport and provides water, sewer, electrical, telecommunication, sanitation and utilities.

The financial statements of the City of Pella, Iowa, have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the City of Pella has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City of Pella has no component units which meet the Governmental Accounting Standards Board criteria.

While the South Central Regional Airport Agency did not fit the criteria to be included as a component unit, disclosure about the nature of the relationship and accountability is required. The City of Pella, City of Oskaloosa and Mahaska County have entered into a 28E Agreement known as the South Central Regional Airport Agency. The City of Pella appoints 3 of the 6 members on the board. Four votes are required for a majority to approve matters. Capital expenditures are reimbursed 90% by the Federal Aviation Authority, 5% by the City of Pella and 5% by the City of Oskaloosa. Operating expenditures are reimbursed 60% by the City of Pella and 40% by the City of Oskaloosa. The South Central Regional Airport Agency had a separate audit. Financial statements are available at the Pella City Hall, 825 Broadway Street, Pella, IA 50219 or the Oskaloosa City Hall, 220 S. Market St., Oskaloosa, IA 52577, 641-673-9431.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City police officials are members of the following boards and commissions: Marion County Emergency Management Commission, Marion County E-911 Service Board, Mahaska County Emergency Management Commission and Mahaska County E-911 Service Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the City's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax revenues from general and emergency levies and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The City reports the following major proprietary funds:

Enterprise:

The Water Fund is used to account for the operation and maintenance of the City's water system.

The Wastewater Fund is used to account for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The Electric Fund is used to account for the operation and maintenance of the City's electricity production, procurement and transmission system.

The Sanitation Fund is used to account for the operation and maintenance of the City's solid waste collection system.

The Telecommunication Fund is used to account for the operation and maintenance of the City's telecommunication system.

In addition, the City reports the following fund types:

The Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis.

These non-major governmental funds are grouped for financial statement reporting purposes:

The Debt Service Fund is used to account for property tax and other revenues to be used for the payment of interest and principal on the City's general long-term debt.

Special Revenue:

The Pella Business Corridor Tax Increment Financing Fund is used to account for revenues from the tax authorized by ordinance in the urban renewal district and used to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal redevelopment projects.

The Mills Farm Tax Increment Financing fund is used to account for revenues from the tax authorized by ordinance in the urban renewal district and used to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal redevelopment projects.

The Southwest UR Area Tax Increment Financing fund is used to account for revenues from the tax authorized by ordinance in the urban renewal district and used to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal redevelopment projects.

The Webster Park Tax Increment Financing fund is used to account for revenues from the tax authorized by ordinance in the urban renewal district and used to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal redevelopment projects.

The Lely Tax Increment Financing fund is used to account for revenues from the tax authorized by ordinance in the urban renewal district and used to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal redevelopment projects.

The Cobb Hill Tax Increment Financing fund is used to account for revenues from the tax authorized by ordinance in the urban renewal district and used to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal redevelopment projects.

The Road Use Tax fund is used to account for road construction and maintenance.

The Local Option Sales Tax fund is used to account for the revenues from the tax authorized by referendum and used for aquatic center, debt relief, capital improvements, equipment and community programs and services.

The Employee Benefits fund is used to account for property tax levied to finance the payment of employee benefits.

The Pella City Band, Police Reserve, Community Development Trust, Carnegie-Viersen Library Gift/Memorial, Pella Community Center Trust, Art Center Trust, Fire Department Trust, Airport Trust, Police Asset Forfeiture, Soccer Complex, Community Gardens Trust, Community Service Scholarship Trust, Parks Development, Carnegie-Viersen Trust Fund, Carnegie-Viersen Van Gorp Trust Fund and the Van Gorp Trust funds receive proceeds from specific revenue sources that are legally restricted to expenditures for specific purposes.

The Permanent funds resources are restricted to the extent that only earnings and not principal may be used for purposes that support the reporting government's programs. That is, for the benefit of the government or its citizenry.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

Property tax, local option sales tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Funds is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City maintains its financial records on the modified accrual basis. The financial statements of the City are prepared by making memorandum adjusting entries to the modified accrual basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most City funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost. Interest earned on investments is recorded in the General Fund unless otherwise provided by law.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Customer Accounts and Unbilled Usage Accounts – Accounts receivables are recorded in the Enterprise Funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as a revenue in the period in which the service is provided. Accounts receivables for the enterprise funds are listed net of an allowance for uncollectible accounts. The allowance for uncollectible accounts is calculated each year. See note 3.

Inventories - Inventories are valued at cost using the first-in/first-out method. Inventories in the Enterprise Funds consist of materials and supplies. Inventories are recorded as expenses when consumed rather than when purchased.

Property Taxes Receivable, Including Tax Increment Financing - Property tax, including tax increment financing, in governmental funds is accounted for using the modified accrual basis of accounting. Property taxes receivable represent taxes received by or expected to be received within 60 days after year end.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represents taxes collected by the County

but not remitted to the City at June 30, 2020 and unpaid taxes. The succeeding year property tax receivable represent taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects tax asking contained in the budget certified to the County Board of Supervisors (City Council) in March, 2019.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Restricted Assets - Funds set aside for payment of Enterprise Fund revenue notes are classified as restricted assets since their use is restricted by applicable note indentures. Other restricted assets include special purpose funds and customer deposits restricted for application to unpaid customer accounts or for refund to customers.

Capital Assets - Capital assets, which include property, equipment, vehicles and infrastructure assets acquired after July 1, 1980 (e.g. roads, curbs, gutters, sidewalks and similar items which are immovable and of value only to the City) are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position and in the Proprietary Funds Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair not adding to the value of the asset or materially extending asset lives are not capitalized. Capital assets are defined by the City as assets with an initial, individual cost in excess of \$5,000, or lower if they want to specifically track and identify the asset such as computer purchases, and estimated useful lives in excess of five years.

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Roads	20-50
Wastewater, Water and Electrical Systems	25-75
Buildings	40
Improvements	25-35
Furniture, fixtures, and equipment	5-35
Vehicles	5-7

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the City after the measurement date but before the end of the City's reporting period.

Capitalized Interest - Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. Capital improvements made in the water, sewer and electric funds were financed with existing revenues, no interest on debt was incurred or capitalized.

Due to Other Governments - Due to other governments represents amounts the City owes other government entities.

Compensated Absences - Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

All vested vacation leave is in current compensated absences. In accordance with the provisions of Governmental Accounting Standards Board Statement 16, "Accounting for Compensated Absences," no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. One year sick pay allocation is included in current compensated absences. Sick pay which has built up in an employee's account, but is not expected to be paid in the current year is in long-term compensated absences. Liabilities have been computed based on rates of pay as of June 30, 2020.

Long-term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activities column in the Statement of Net Position and the proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System and the Municipal Fire and Police Retirement System (Systems') and additions to/deductions from Systems' fiduciary net position have been determined on the same basis as they are reported by Systems'. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liabilities attributable to the governmental activities will be paid primarily by the General Fund.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the City's actuarial report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable not collected within sixty days after year end and succeeding year property tax and tax increment financing receivables that will not be recognized until the year for which they are levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

Fund Balance – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the City Council through ordinance or resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, disbursements exceeded the amount budgeted in the culture and recreation, community and economic development, and general government functions.

(2) **Cash, Cash Equivalents and Pooled Investments**

The City's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City's investments at June 30, 2020 are as follows:

Certificates of deposit	\$	274,798
Iowa Public Agency Investment Trust		258,415
Government Bonds		196,771
Total	\$	<u>729,984</u>

The investments in the Iowa Public Agency Investment Trust are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The investment in the Iowa Public Agency Investment Trust is rated unrated. The investments in Government Bonds are primarily invested in U.S. Treasury securities.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) **Customer Accounts Receivable and Allowance for Uncollectibles**

Utility revenue is recorded when earned. Customers are billed monthly. The City Municipal Electric, Water, Wastewater, Sanitation, and Telecommunication Utility's customer accounts receivable is based on actual customer billings. If a customer defaults on their bill, current policy does not remove their balance or details from accounts receivable. The idea being, if that same party seeks utility service from one of the municipal utilities it will not be provided until the old bill is paid. To compensate for these uncollectible balances, the allowance for uncollectible accounts includes 100% of accounts 60 days or older and 50% of accounts 30 days old. An allowance for uncollectibles has been calculated for the following enterprise funds: Electric, Water, Wastewater, Sanitation and Telecommunication. Amounts are as follows: \$411,664 \$52,066, \$47,788, \$19,525, and \$0 respectively.

(4) **Proprietary Revenues Net of Discounts and Allowances**

Enterprise Fund	Gross Charges for Services	(Increase) Decrease in Allowance	Net Charges for Service
Electric	\$ 16,546,181	(117,974)	16,428,207
Water	2,492,961	5,397	2,498,358
Wastewater	2,320,762	10,063	2,330,825
Sanitation	625,805	(41)	625,764
Telecommunication	-	-	-
Total	\$ 21,985,709	(102,555)	21,883,154

(5) **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(6) **Capital Assets**

Capital assets activity for the year ended June 30, 2020 was as follows:

Primary Government:	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,121,333	513,178	-	7,634,511
Construction in progress:				
Facility Needs Assessment	45,187	7,674	52,861	-
Website Redesign	10,725	300	11,025	-
Oskaloosa St Redevelopment Plan	24,800	1,450	26,250	-
Tuttle Cabin Walk	22,647	108,257	130,904	-
Sports Park Phase II	805,728	212,227	1,017,955	-
Oost Poort Alley Reconstruction	48,233	394,537	442,770	-
2020 Ford Interceptor Upfit	-	24,621	-	24,621
Wildlife Fence	-	367,673	-	367,673
Runway 16/34 Rehab	-	123,399	-	123,399
Kiwanis Park Improvement	-	12,499	-	12,499
Southside Beautification Project	-	16,368	-	16,368
University St Improvements	-	17,102	-	17,102
218th Ave Pavement Project	-	15,309	-	15,309
Lely Road Improvements	-	78,141	-	78,141
Total capital assets not being depreciated	8,078,653	1,892,735	1,681,765	8,289,623
Capital assets being depreciated:				
Vehicles	2,152,405	46,151	-	2,198,556
Buildings and improvements	36,230,718	1,524,116	6,160	37,748,674
Machinery and equipment	7,551,732	565,632	81,163	8,036,201
Infrastructure	30,265,731	611,366	-	30,877,097
Total capital assets being depreciated	76,200,586	2,747,265	87,323	78,860,528
Less accumulated depreciation for:				
Vehicles	1,753,477	160,588	-	1,914,065
Buildings and improvements	11,699,513	1,002,665	3,157	12,699,021
Machinery and equipment	5,495,201	321,895	71,853	5,745,243
Infrastructure	12,073,264	860,969	-	12,934,233
Total accumulated depreciation	31,021,455	2,346,117	75,010	33,292,562
Total capital assets being depreciated net	45,179,131	401,148	12,313	45,567,966
Governmental activities capital assets, net	\$ 53,257,784	2,293,883	1,694,078	53,857,589

(6) Capital assets (continued from previous page)

Business type activities:

Water Fund:

Capital assets not being depreciated:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Land	\$ 118,360	-	-	118,360
Construction in progress:				
Lime Sludge Lagoon pH Compliance	605	2,258	-	2,863
W 1st, South St. & Broadway Watermain	4,185	-	4,185	-
Clark St Water Main	4,756	13,487	-	18,243
Fifield Water Improvements	-	59,991	-	59,991
Total capital assets not being depreciated	127,906	75,736	4,185	199,457

Capital assets being depreciated:

Buildings and improvements	23,079,002	433,181	-	23,512,183
Machinery and equipment	1,356,377	138,234	-	1,494,611
Furniture and fixtures	-	-	-	-
Vehicles	186,331	74,937	-	261,268
Infrastructure	10,097,130	133,950	-	10,231,080
Total capital assets being depreciated	34,718,840	780,302	-	35,499,142

Less accumulated depreciation for:

Buildings and improvements	8,503,448	655,656	-	9,159,104
Machinery and equipment	1,009,255	89,006	-	1,098,261
Furniture and fixtures	-	-	-	-
Vehicles	144,152	19,597	-	163,749
Infrastructure	4,484,856	340,230	-	4,825,086
Total accumulated depreciation	14,141,711	1,104,489	-	15,246,200

Total capital assets being depreciated net

Water - capital assets, net

	20,577,129	(324,187)	-	20,252,942
Water - capital assets, net	\$ 20,705,035	(248,451)	4,185	20,452,399

(6) Capital assets (continued from previous page)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Wastewater Fund:				
Capital assets not being depreciated:				
Land	\$ 907,049	-	-	907,049
Construction in Progress:				
W 3rd, Liberty to Union, Relief Sewer	3,860	237,647	-	241,507
WWTP Improvements	240,605	260,032	-	500,637
	-	-	-	-
	-	-	-	-
Total capital assets not being depreciated	1,151,514	497,679	-	1,649,193
Capital assets being depreciated:				
Buildings and improvements	20,052,210	63,000	-	20,115,210
Machinery and equipment	870,573	57,175	-	927,748
Furniture and fixtures	3,900	-	-	3,900
Vehicles	373,494	107,121	-	480,615
Infrastructure	11,118,021	83,700	-	11,201,721
Total capital assets being depreciated	32,418,198	310,996	-	32,729,194
Less accumulated depreciation for:				
Buildings and improvements	16,024,828	532,679	-	16,557,507
Machinery and equipment	757,619	40,149	-	797,768
Furniture and fixtures	3,900	-	-	3,900
Vehicles	331,937	17,968	-	349,905
Infrastructure	6,656,094	391,067	-	7,047,161
Total accumulated depreciation	23,774,378	981,863	-	24,756,241
Total capital assets being depreciated net	8,643,820	(670,867)	-	7,972,953
Wastewater - capital assets, net	\$ 9,795,334	(173,188)	-	9,622,146

(6) Capital assets (continued from previous page)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Electric Fund:				
Capital assets not being depreciated/amortized:				
Land	\$ 881,078	-	-	881,078
Construction in progress:				
Oostport Alley Conversion	85,777	146,576	232,353	-
Brook Circle Cable Replacement	172,688	4,607	177,295	-
Fuel Tank Enclosure	-	53,795	-	53,795
Fiber Infrastructure	-	1,320,835	-	1,320,835
Telecommunications Building	-	474,973	-	474,973
Idaho Drive Conversion	-	13,402	-	13,402
	-	-	-	-
	-	-	-	-
	-	-	-	-
Total capital assets not being depreciated/amortized	1,139,543	2,014,188	409,648	2,744,083
Capital assets being depreciated/amortized:				
Buildings and improvements	11,541,859	-	-	11,541,859
Machinery and equipment	38,847,908	441,043	55,078	39,233,873
Furniture and fixtures	16,988	-	-	16,988
Vehicles	707,940	-	-	707,940
Intangibles	8,460,000	-	-	8,460,000
Total capital assets being depreciated/amortized	59,574,695	441,043	55,078	59,960,660
Less accumulated depreciation/amortization for:				
Buildings and improvements	4,085,940	294,944	-	4,380,884
Machinery and equipment	14,536,548	1,170,329	37,352	15,669,525
Furniture and fixtures	16,988	-	-	16,988
Vehicles	629,966	32,759	-	662,725
Intangibles	1,851,516	256,363	-	2,107,879
Total accumulated depreciation/amortization	21,120,958	1,754,395	37,352	22,838,001
Total capital assets being depreciated/amortized net	38,453,737	(1,313,352)	17,726	37,122,659
Electric-capital assets, net	\$ 39,593,280	700,836	427,374	39,866,742

(6) Capital assets (continued from previous page)

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Telecommunications Fund:				
Capital assets not being depreciated/amortized:				
Land	\$ -	-	-	-
Construction in progress:				
Telecommunications Utility Engineering	-	58,089	-	58,089
Fiber Drop Installation	-	13,931	-	13,931
Website Setup	-	19,230	-	19,230
Telecom Transport	-	106,569	-	106,569
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
Total capital assets not being depreciated/amortized	-	197,819	-	197,819
Capital assets being depreciated/amortized:				
Buildings and improvements	-	-	-	-
Machinery and equipment	-	-	-	-
Furniture and fixtures	-	-	-	-
Vehicles	-	144,689	-	144,689
Intangibles	-	-	-	-
Total capital assets being depreciated/amortized	-	144,689	-	144,689
Less accumulated depreciation/amortization for:				
Buildings and improvements	-	-	-	-
Machinery and equipment	-	-	-	-
Furniture and fixtures	-	-	-	-
Vehicles	-	1,965	-	1,965
Intangibles	-	-	-	-
Total accumulated depreciation/amortization	-	1,965	-	1,965
Total capital assets being depreciated/amortized net	-	142,724	-	142,724
Telecommunications-capital assets, net	\$ -	340,543	-	340,543

(6) Capital assets (continued from previous page)

Combining Schedule	Balance			Balance
Business type activities:	Beginning of			End of
	Year	Increases	Decreases	Year
Capital assets not being depreciated/amortized:				
Land	\$ 1,906,487	-	-	1,906,487
Construction in progress	512,476	2,785,422	413,833	2,884,065
Total capital assets not being depreciated/amortized	2,418,963	2,785,422	413,833	4,790,552
Capital assets being depreciated/amortized:				
Total capital assets being depreciated/amortized	126,711,733	1,677,030	(55,078)	128,333,685
Total accumulated depreciation/amortization	59,037,047	3,842,712	(37,352)	62,842,407
Total capital assets being depreciated/amortized (net)	67,674,686	(2,165,682)	(17,726)	65,491,278
Business type activities capital assets, net	\$ 70,093,649	619,740	396,107	70,281,830

Depreciation was charged to functions of the primary government as follows:

Governmental activities:	
Public works	\$ 1,052,861
Public safety	191,454
Culture and recreation	916,726
General government	185,076
Total depreciation expense - governmental activities	<u>2,346,117</u>
Business type activities:	
Water	\$ 1,104,489
Wastewater	981,863
Electric	1,717,043
Telecommunications	1,965
Total depreciation/amortization expense - business type activities	<u>\$ 3,805,360</u>

(7) Long-Term Liabilities

The City currently has long-term debt obligations in the form of general obligation bonds and revenue bonds. The City does not have any special assessment debt. A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Amounts Due Within One Year	Amounts Due in More than One Year
Governmental activities:						
General obligation bonds/notes (gross)	\$ 1,660,000	-	515,000	1,145,000	375,000	770,000
Unamortized premiums	34,924	-	(9,745)	25,179	9,745	15,434
Unamortized discount	(5,174)	-	1,426	(3,748)	(1,426)	(2,322)
Total G.O. bonds payable, net	\$ 1,689,750	-	506,681	1,166,431	383,319	783,112
Compensated absences	653,088	163,080	136,028	680,140	136,029	544,111
Net pension liability	4,092,619	15,144	-	4,107,763	-	4,107,763
Net OPEB liability	187,400	61,737	-	249,137	-	249,137
Total governmental activities	\$ 6,622,857	239,961	642,709	6,203,471	519,348	5,684,123
Business type activities:						
Revenue bonds/notes (gross)	\$ 22,199,768	12,560,091	1,929,000	32,830,859	1,920,000	30,910,859
Unamortized premiums	71,459	1,083,449	11,337	1,143,571	65,737	1,077,834
Unamortized discount	(19,953)	(161,025)	(3,074)	(177,904)	(11,159)	(166,745)
Total revenue bonds payable, net	\$ 22,251,274	13,482,515	1,937,263	33,796,526	1,974,578	31,821,948
Compensated absences	488,802	158,051	107,809	539,044	107,809	431,235
Net pension liability	1,889,346	-	16,313	1,873,033	-	1,873,033
Net OPEB liability	136,323	53,344	-	189,667	-	189,667
Total business type activities	\$ 24,765,745	13,693,910	2,061,385	36,398,270	2,082,387	34,315,883

General Obligation Bonds and Capital Leases

One issue of unmatured general obligation bonds/notes totaling \$1,145,000 is outstanding at June 30, 2020. General obligation bonds/notes bear interest rates ranging from 2.00% to 2.05% per annum and mature in varying annual amounts, ranging from \$375,000 to \$390,000, with final maturities due in the year ending June 30, 2023.

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds therefore are reported in the proprietary funds if they are expected to be repaid from proprietary revenues. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

Details of general obligation bonds payable at June 30, 2020 are as follows:

Governmental activities	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2020
General and essential corporate purpose	2014	2.00-2.05%	June 1, 2023	375,000-390,000	3,200,000	1,145,000
						1,145,000
Unamortized premiums						25,179
Unamortized discounts						(3,748)
Total governmental activities -General obligation bonds, net						<u>\$ 1,166,431</u>

A summary of the annual general obligation bond principal and interest requirements to maturity by year is as follows:

Year ending June 30,	General Obligation Debt		
	Principal	Interest	Total
2021	\$ 375,000	22,525	397,525
2022	380,000	15,025	395,025
2023	390,000	7,995	397,995
Total	\$ 1,145,000	45,545	1,190,545

General obligation bonds may be called on or after the callable date for redemption by the Issuer and paid before maturity by giving 30 days notice of the redemption by registered mail to the registered owner of the bond. The dates at which the various general obligation bonds may first be called are as follows:

Purpose	Date of Issue	Originally Issued	Callable date
G/O LOSST Bonds	2014	3,200,000	June 1, 2021

Revenue Notes

Twelve issues of unmatured gross revenue notes totaling \$32,830,859 are outstanding at June 30, 2020. These notes bear interest at rates ranging from 1.75% to 4.00% per annum and mature in varying annual amounts ranging from \$39,000 to \$925,000 (estimated) with the final maturity due in the year ending June 30, 2036.

The resolution providing for the issuance of the revenue notes includes the following provisions:

- a) The notes will only be redeemed from the future net revenues of the enterprise activity and the note holders hold a lien on the future net revenues of the funds.
- b) Sufficient monthly transfers shall be made to a revenue note retirement account for the purpose of making the note principal and interest payments when due.
- c) Separate water, wastewater, and electric improvement and replacement accounts have been accumulated. These accounts are restricted for the purpose of paying for any additional improvements, extensions, repairs to the system, or principal or interest payments if necessary.
- d) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% for wastewater, not less than 125% for electric, and not less than 110% for water, of the amount of principal and interest on the notes falling due in the same year. Net revenues are defined as gross earnings after the deduction of current expenses; including the cost of operating, maintaining, repairing and insuring the system, purchases at wholesale, salaries, wages, and cost of materials and supplies. This excludes; the cost of depreciation, principal and interest payments, capital expenditures, franchise fees and transfers.

During the year ended June 30, 2020, the City was in compliance with the revenue note provisions.

Details of revenue notes payable at June 30, 2020, are as follows:

Business type activities	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2020
Wastewater	1999	1.75%	June 1, 2021	\$197,000	\$2,800,000	197,000
Wastewater	2000	1.75%	June 1, 2021	116,000	1,604,000	116,000
Wastewater	2000	1.75%	June 1, 2021	39,000	641,000	39,000
Wastewater SRF Drawdown	2014	3.00%	June 1, 2033	207,000-303,000	4,364,580	3,277,000
Wastewater Rev. Capital Loan Note		1.75%			Not Final	781,170
Water SRF Drawdown	2014	1.75%	June 1, 2036	646,000-869,000	Not Final	12,575,451
Electric	2014	2.75-3.10%	June 1, 2025	325,000-375,000	3,500,000	1,740,000
Electric	2015	2.00-2.50%	June 1, 2026	390,000-460,000	4,000,000	2,505,000
Electric	2020	3.00-4.00%	June 1, 2040	125,000-925,000	10,735,000	10,735,000
Telecommunication	2020	3.375%	June 1, 2035	50,000-500,000	Not Final	316,058
Telecommunication	2020	4.00%	June 1, 2035	50,000-199,000	Not Final	267,983
Telecommunication	2020	3.375%	June 1, 2035	50,000-500,000	Not Final	281,197
						32,830,859
Unamortized discount						(177,904)
Unamortized premium						1,143,571
Total business type activities -Net revenue bonds						<u>\$ 33,796,526</u>

A summary of annual revenue note principal and interest requirements to maturity are as follows:

	Enterprise Funds									
Year ended	Water(estimated)		Wastewater(estimated)		Electric		Telcommunication(estimated)		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 646,000	210,612	559,000	104,471	715,000	455,707		382,966	1,920,000	1,153,756
2022	658,000	199,308	457,465	92,100	735,000	455,477		379,800	1,850,465	1,126,685
2023	672,000	187,792	470,000	85,710	755,000	437,428		379,800	1,897,000	1,090,730
2024	685,000	176,032	477,000	79,110	780,000	419,740	150,000	379,800	2,092,000	1,054,682
2025	699,000	164,045	271,705	72,300	800,000	399,700	425,000	374,426	2,195,705	1,010,471
2026-2030	3,710,000	631,786	1,293,000	251,220	3,135,000	1,677,500	290,238	1,480,525	8,428,238	4,041,031
2031-2035	4,096,000	293,912	882,000	53,460	3,700,000	1,110,200		598,913	8,678,000	2,056,485
2036-2040	1,409,451	15,208	-	-	4,360,000	446,600			5,769,451	461,808
Total	\$ 12,575,451	1,878,695	4,410,170	738,371	14,980,000	5,402,352	865,238	3,976,230	32,830,859	11,995,648

Revenue notes may be called on or after the callable date for redemption by the Issuer and paid before maturity by giving 30 days notice of redemption by registered mail to the registered owner of the bond. The dates at which the various revenue bonds may first be called are as follows:

Purpose	Date of Issue	Originally Issued	Callable date
Wastewater	1999	\$ 2,800,000	Dec. 15, 2009
Wastewater	2000	1,604,000	Dec. 15, 2009
Wastewater	2000	641,000	Dec. 15, 2009
Wastewater	2011	4,364,580	Not subject to call
Wastewater	2019	Sewer improvements-final amount not determined	
Water	2014	Longterm water supply-final amount not determined	
Electric	2014	3,500,000	June 1, 2022
Electric	2015	4,000,000	June 1, 2023
Electric	2020	10,735,000	June 1, 2029
Telecommunication	2020	Not final	Anytime at Par
Telecommunication	2020	Not final	Anytime at Par
Telecommunication	2020	Not final	Anytime at Par

The following is a summary of the transactions for revenue notes, net of unamortized discounts, for the water, sewer, and electric utilities for the year ended June 30, 2020:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Water revenue notes	\$ 12,843,303	423,148	(691,000)	12,575,451
Net water revenue notes	12,843,303	423,148	(691,000)	12,575,451
Sewer revenue notes	4,411,465	536,705	(538,000)	4,410,170
Net sewer revenue notes	4,411,465	536,705	(538,000)	4,410,170
Electric revenue notes	4,945,000	10,735,000	(700,000)	14,980,000
Unamortized discount	(19,953)	(161,025)	3,074	(177,904)
Unamortized premium	71,459	1,083,449	(11,337)	1,143,571
Net electric revenue notes	4,996,506	11,657,424	(708,263)	15,945,667
Telecommunication revenue notes	-	865,238	-	865,238
Net telecommunication revenue notes	-	865,238	-	865,238
Total net revenue notes	\$ 22,251,274	13,482,515	(1,937,263)	33,796,526

The \$423,149 increase in water revenue notes is from the SRF loan fund. There was a payment of \$691,000 on the loan. The water revenue note has taken a partial draw down on a loan that has been approved to be up to \$15,819,000. Water revenue note interest and principal payments will be determined by the timing and extent of the actual funds borrowed. Principal and interest payments for the purpose of this report were based on the estimated amortization tables provided. Interest is estimated to be at 1.75% for up to 20 years. Costs also include a 0.25% annual services fee on the outstanding principal.

The \$536,705 increase in wastewater revenue notes is from a capital loan note. The wastewater revenue note is a partial draw on a loan that has been approved to be up to \$7,808,000. Water revenue note interest and principal payments will be determined by the timing and extent of the actual funds borrowed. There is currently no estimated amortization table available for the \$781,170 waste water loan. The principal/interest to maturity on the prior page includes no interest on this loan and the principal of \$781,170 is currently all listed in the wastewater years ended June 30, 2022 through June 30, 2025. The interest rate is estimated to be at 1.75% for up to 20 years. Costs also include a 0.25% annual services fee on the outstanding principal.

The \$865,238 increase in telecommunications revenue notes is from 3 separate revenue loans. Loans have been authorized for a total of \$10,920,000. The funds are being drawn down as needed. At June 30, 2020 \$865,238 had been drawn. Interest is expected to vary since final dates of drawn downs are not known. The interest rate is currently between 3.375% - 4.000% through 2026. The loans have an unknown adjusted interest rate after 2026 and payments extend through 2035.

Loan discounts and premiums are deferred and amortized over the term of the notes using the straight-line method, which approximates the effective interest method. Discounts are presented as a reduction, premiums are presented as an increase to the face amount of bonds payable. The details of the discounts and premiums are listed in the previous schedules.

(8) Interfund Transfers

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The detail of interfund transfers for the year ended June 30, 2020 is as follows:

Transfer to:	Transfer from:	Amount
General	Special Revenue:	
	Employee Benefits	\$ 1,027,078
	Local Option Sales Tax	305,109
	Pella City Band	1,000
	Electric	367,673
	Sanitation	56,818
	Telecommunications	49,500
		<u>1,807,178</u>
Debt Service	Special Revenue:	
	Pella Business Corridor- TIF	156,135
	Local option sales tax	394,704
		<u>550,839</u>
Special Revenue:	Special Revenue:	
Southwest UR Area- TIF	Pella Business Corridor- TIF	<u>5,291</u>
Special Revenue:	Special Revenue:	
Webster Park- TIF	Pella Business Corridor- TIF	<u>3,323</u>
Special Revenue:	Special Revenue:	
Lely - TIF	Pella Business Corridor- TIF	<u>9,504</u>
Special Revenue:	Special Revenue:	
Cobb Hill - TIF	Pella Business Corridor- TIF	<u>11,674</u>
Water	Special Revenue:	
	Pella Business Corridor- TIF	<u>59,991</u>
Electric	Telecommunications	<u>3,067</u>
Capital Projects	General	1,447,144
	Electric	28,172
	Water	28,172
	Wastewater	28,172
	Special Revenue:	
	Local option sales tax	173,464
	Road Use Tax	159,961
	Pella Business Corridor- TIF	430,716
		<u>2,295,801</u>

(9) **Net Position Restricted by Enabling Legislation**

The components of Net Restricted Position listed in Exhibit A are as follows:

Restricted for:	Governmental Activities	Business Type Activities
Nonexpendable:		
Security deposit	\$ -	70,000
Prepaid expenditures	1,535	-
Permanently restricted donation - Carnegie-Viersen Trust	40,000	-
Permanently restriction donation - Van Gorp Trust	100,000	-
Expendable:		
Debt restricted - Electric Bond Reserve	-	1,199,740
Debt restricted - Electric Improvement Reserve	-	9,260,796
Special purposes:		
TIF - Pella Business Corridor	539,764	-
TIF - Mills Farm	268	-
TIF - Southwest UR Area	-	-
TIF - Webster Park	-	-
TIF - Lely	-	-
TIF - Cobb Hill	-	-
Road use	1,352,016	-
Local Option Sales Tax	1,048,022	-
Employee Benefits	-	-
Pella City Band	-	-
Police Reserve	1,804	-
Community Development	5,186	-
Library Gifts/Memorials	80,602	-
Pella Community Center	179	-
Art Center	11,683	-
Fire Department Trust	30,917	-
Airport	40,882	-
Police Asset Forfeiture	30,059	-
Soccer Complex	-	-
Community Gardens Trust Fund	5,419	-
Community Service Scholarship Trust	920	-
Parks Development	36,138	-
Carnegie-Viersen Trust Earnings - Educational purposes	37,116	-
Carnegie-Viersen-Van Gorp Trust - Library operations and repairs	35,673	-
Van Gorp Trust Earnings - Information Windmill Repairs	4,498	-
Total net restricted funds/position	\$ 3,402,681	10,530,536

(10) **Pension Plan**

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa, 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered

employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded Federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In the fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%.

The City's contributions to IPERS for the year ended June 30, 2020 totaled \$486,893.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a liability of \$3,653,273 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the City's collective proportion was 0.062688%, which was an increase of 0.001212% from its proportions measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$654,629 related to IPERS. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,128	131,353
Changes of assumptions	391,318	-
Net difference between projected and actual earnings on IPERS' investments	172,701	584,381
Changes in proportion and differences between City contributions and the City's proportionate share of contributions	86,207	42,461
City contributions subsequent to the measurement date	486,893	-
Total	<u>\$ 1,147,247</u>	<u>758,195</u>

\$486,893 reported as deferred outflows of resources related to IPERS resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IPERS will be recognized in pension expense as follows:

Year Ended June, 30	
2021	\$ 75,911
2022	(80,392)
2023	(42,234)
2024	(49,822)
2025	(1,304)
	<u>\$ (97,841)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	100.0%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 6,487,034	\$ 3,653,273	\$ 1,276,346

IPERS' Fiduciary Net Position - Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS - At June 30, 2020, the City reported payables to the IPERS of \$39,580 for legally required City contributions and \$26,372 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(11) Municipal Fire and Police Retirement System of Iowa (MFPRSI)

Plan Description - MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City of Pella are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at www.mfprsi.org.

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation for each additional year of service, up to a maximum of 8 years. Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50% surviving spouse benefit.

Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. When electing to participate in DROP, the member signs a contract indicating the member will retire at the end of the selected DROP period. During the DROP period the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits - Disability benefits may be either, accidental or ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation, for those with 5 or more years of service or the member's service retirement benefit calculation amount and 25% of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50% of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40% of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50% of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

Benefits are increased annually in accordance with Chapter 411.6 of the Code of Iowa, which provides a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.4% of earnable compensation for the year ended June 30, 2020.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 24.41% for the year ended June 30, 2020.

The City's contributions to MFPSI for the year ended June 30, 2020 was \$279,554.

If approved by the State Legislature, state appropriation may further reduce the City's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa, therefore, is considered to be a nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*.

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2020.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a liability of \$2,327,523 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2019, the City's proportion was 0.354845% which was an increase of 0.003349% from its proportions measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized MFPRSI pension expense of \$543,287. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 80,148	21,780
Changes of assumptions	116,861	10,130
Net difference between projected and actual earnings on MFPRSI investments	268,111	139,874
Changes in proportion and differences between City contributions and proportionate share of contributions	72,173	-
City contributions subsequent to the measurement date	279,554	-
Total	<u>\$ 816,847</u>	<u>171,784</u>

\$279,554 reported as deferred outflows of resources related to MFPRSI resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MFPRSI will be recognized in pension expense as follows:

Year Ended June, 30	
2020	\$ 186,069
2021	41,005
2022	78,692
2023	55,522
2024	4,221
	<u>\$ 365,509</u>

Actuarial Assumptions The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00%
Salary Increases	3.75% to 15.11%, including inflation
Investment rate of return	7.50%, net pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2007 to June 30, 2017.

Postretirement mortality rates were based on the RP2014 Blue Collar Healthy Annuitant table with males set-forward zero years, females set-forward two years and disabled set-forward three years (male only rates) with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

The long-term expected rate of return on MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (i.e., expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Large cap	5.5%
Small cap	5.8
International large cap	7.3
Emerging markets	9.0
Emerging market debt	6.3
Private non-core real estate	8.0
Master limited partnerships	9.0
Private equity	9.0
Core plus fixed income	3.3
Private core real estate	6.0
Tactical asset allocation	6.4

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at 9.40% of covered payroll and the City's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the MFPRSI's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on MFPRSI investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 3,789,615	\$ 2,327,523	\$ 1,116,624

MFPRSI's Fiduciary Net Position - Detailed information about the MFPRSI's fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI's website at www.mfprsi.org.

Payables to MFPRSI - At June 30, 2020, the City of Pella reported payables to the MFPRSI defined benefit pension plan of \$20,589 for legally required employer contributions and \$7,928 for legally required employee contributions which had been withheld from employee wages but not yet remitted to MFPRSI.

(12) Other Postemployment Benefits (OPEB)

Plan Description - The City of Pella administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group Insurance benefits are established under the Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the City of Pella and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	97
Total	<u>99</u>

Total OPEB Liability - The City's total OPEB liability of \$438,804 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumption and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2020)	3.00% per annum
Rates of salary increase (effective June 30, 2020)	3.00% per annum, including inflation.
Discount rate (effective June 30, 2020)	2.21% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	5.50% initial rate decreasing to 5.00%

Discount Rate – The discount rate used to measure the total OPEB liability was 2.21% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2019 generational projection of future mortality improvement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	<u>\$ 323,723</u>
Changes for the year:	
Service cost	17,201
Interest cost	12,769
Difference between expected and actual experiences	53,302
Changes in assumptions	53,777
Benefit payments	<u>(21,968)</u>
Net changes	<u>115,081</u>
Total OPEB liability end of year	<u>\$ 438,804</u>

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.21%) or 1% higher (3.21%) than the current discount rate.

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 476,531	\$ 438,804	\$ 403,659

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using the healthcare trend rates that are 1% lower (4.0%) to 1% higher (6.0%) than the current healthcare cost trend rates.

	1% Decrease 4.00%	Healthcare Cost Trend Rate 5.00%	1% Increase 6.00%
Total OPEB liability	\$ 386,507	\$ 438,804	\$ 501,685

OPEB Expense and Deferred outflows of Resources Related to OPEB – For the year ended June 30, 2020, the City recognized OPEB expense of \$8,407. At June 30, 2020, the City reported deferred outflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience	\$ -	54,790	54,790
Changes of assumptions	(2,156)	49,990	47,834
Total	\$ (2,156)	104,780	102,624

The amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June, 30	
2021	\$ 7,830
2022	7,830
2023	7,830
2024	7,830
2025	7,830
Thereafter	63,474
	<u>\$ 102,624</u>

(13) Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 for employees and Code Section 401 for the position of City Administrator. The 457 plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights must be held in trust for the exclusive benefit of plan participants and beneficiaries. These funds are invested and held by the ICMA-RA (International City County Management Association Retirement Corporation) and not by the City. Therefore, they are not listed as a liability of the City.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

(14) Related Party Transactions

The City had business transactions between the City and City officials totaling \$39,900 during the year ended June 30, 2020. There were no related payables at June 30, 2020.

(15) Major Customer

During the year ended June 30, 2020, the City of Pella Municipal Electric Utility had two major customers. They purchased 14.92% and 11.12% of the electric operating revenues.

(16) Risk Management

Insurance - The City of Pella carries commercial insurance purchased from issuers for coverage associated with risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Shared Funding/Partial Self-Funding Health Care Plan – The City of Pella entered into a 28E agreement on July 1, 2015, as allowed by Chapter 28E of the Code of Iowa which authorizes the joint exercise of governmental powers that would include a cooperative agreement to create and maintain a health benefit program. The participating agencies join together to form the Iowa Community Trust (ICT). ICT is a benefits trust for shared risk pooling among Public Employers in the State of Iowa. Its unique design allows entities to enter into the trust based on claims experience, plan design and demographics. The entities are then pooled at renewal, using total claims experience to develop renewal percentages.

ICT purchases a high deductible health insurance plan from Wellmark, Blue Cross/Blue Shield. The City funds the difference between the deductibles and out-of-pocket maximums charged to employees and those covered by the purchased plan.

The City escrows funds from each month to be used to pay medical claims incurred. The maximum exposure to the City for claims incurred is limited by the spread between the deductibles and out-of-pocket maximums and those of the policy carried by the City. For 2020, the risk spread for singles was \$2,950 per employee and for those with family coverage was \$2,350 per employee. The total risk in 2020 was \$218,850 if every employee hit their maximum out-of-pocket amounts.

At June 30, 2020, the plan held \$409,811 cash and pooled investments. The actuarial estimate of the reserves necessary for the claims incurred but not yet paid was \$36,614, which is included in the accounts payable balance of the Internal Service Fund.

(17) Commitments

The City has entered into several contracts totaling \$20,425,178. At June 30, 2020, \$3,525,849 had been paid towards these contracts. The remaining \$16,899,329 will be paid as work on the projects progresses.

Contracts	Contract Amount	Amount Paid	% Complete
Airport Wildlife Fence Midwest Fence & Gate Company	\$ 378,233	318,881	84%
Tuttle Cabin Learning Walkway Concrete Connection LLC	107,500	102,125	95%
West 3rd St. Sanitary Sewer Blommers Construction Inc	575,900	166,873	29%
Wastewater Treatment Plant Upgrades WRH Inc	5,998,000	128,859	2%
Pella Fiber to the Home Excel Utility Contractors LLC	7,402,580	844,848	11%
Telecom Building Edge Commercial LLC	2,492,900	321,998	13%
Airport Wildlife Fence HDR Engineering Inc	57,810	47,982	83%
Wastewater Treatment Plant Upgrades Fox Engineering	555,660	418,485	75%
West 3rd St. Sanitary Sewer Fox Engineering	63,200	53,000	84%
Lime Sludge Lagoon pH Compliance Veenstra & Kimm, Inc.	8,579	2,863	33%
University St. Reconstruction Garden & Associates, LTD	95,500	17,102	18%
East Interchange Infrastructure Veenstra & Kimm, Inc.	92,000	75,894	82%
Fifield Road Water Main Veenstra & Kimm, Inc.	62,500	59,401	95%
Idaho Drive Electric Conversion DGR Engineering	44,000	8,800	20%
Telecom Building Short Elliott Hendrickson, Inc.	210,000	126,300	60%
Telecom Engineering & Design Newcom Technologies Inc	1,480,816	432,438	29%
Purchase Agreement of Real Estate Second Christian Reformed Church	800,000	400,000	50%
	<u>\$ 20,425,178</u>	<u>3,525,849</u>	

Other Contracts:		Expires:
Power Supply Agreement		
Missouri River Energy Services	Monthly charges	1/1/2057
Transmission Service Agreement		
Missouri River Energy Services	Monthly charges	12/31/2045
MISO Market Implementation Agreement		
Missouri River Energy Services	Monthly charges	12/31/2045
Dedicated Capacity Agreement		
Missouri River Energy Services	Monthly revenue	5/31/2029
Solid Waste Collection		
Kal Services, Inc.	per tote	7/31/2020

(18) Urban Renewal Development Agreements

The City has entered into various development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer in exchange for infrastructure improvements, rehabilitation and development of commercial projects by the developer. The total to be paid by the City under the agreements is not to exceed \$14,725,255. Certain agreements include provisions for the payment of interest.

During the year ended June 30, 2020, the City rebated \$13,327 of incremental property tax to developers. The total cumulative principal amount rebated on the agreements is \$33,862. The outstanding balance on the agreements at June 30, 2020 was \$14,691,393.

The agreements are not general obligations of the City and, due to their nature, are not recorded as a liability in the City's financial statements. However, the agreements are subject to the constitutional debt limitation of the City.

All the City of Pella agreements include an annual appropriation clause and, accordingly, only the amount payable in the succeeding year on the agreements is subject to the constitutional debt limitation.

(19) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements of Other Entities

Property tax revenues of the city were reduced by the following amounts for the year ended June 30, 2020 under agreements entered into by the following entities:

Entity	Tax Abatement Program	Amount of Tax Abated
Marion County	Urban renewal and economic development projects	\$3,140
Pella Community School District	Urban renewal and economic development projects	4,945
Des Moines Area Community College	Urban renewal and economic development projects	304
City of Pella	Urban renewal and economic development projects	4,758
Marion County Assesor	Urban renewal and economic development projects	90
Marion County Ag Extension	Urban renewal and economic development projects	88
State Levy-Tuberculosis/Brucellosis	Urban renewal and economic development projects	1

The state of Iowa reimburses the City an amount equivalent to the increment of valuation on which property tax is divided times \$5.40/per \$1,000 of taxable valuation. For the year ended June 30, 2020, this reimbursement amounted to \$2,519.

(20) Contingencies

The City of Pella is presently in an appeal along with the City of Oskaloosa. The appeals are for the granting of the Motions for summary judgement in which we prevailed. The outcome of this action cannot be estimated at this time.

A second lawsuit in which the City is named; Iowa Regional Utilities Association v. City of Pella, Iowa, has been filed. Trial in this matter is scheduled for August 2, 2021. The outcome of this action cannot be estimated at this time.

Required Supplementary Information

City of Pella, Iowa
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances
Budget and Actual (Modified Accrual Basis)
Governmental and Proprietary Funds
Required Supplementary Information
Year ended June 30, 2020

				Budgeted Amount	
	Governmental Funds-Actual	Proprietary Funds-Actual	Total Actual	Original & Final	Final to Actual Variance
Revenues:					
Property taxes	\$ 5,337,860	-	5,337,860	5,345,596	(7,736)
Tax increment financing	380,432	-	380,432	381,804	(1,372)
Other city taxes	2,042,452	-	2,042,452	1,810,371	232,081
Licenses and permits	325,316	-	325,316	109,500	215,816
Use of money and property	121,607	173,845	295,452	163,470	131,982
Intergovernmental	2,406,773	-	2,406,773	2,233,896	172,877
Charges for services	413,294	22,062,444	22,475,738	23,671,529	(1,195,791)
Special Assessments	77,930	-	77,930	-	77,930
Miscellaneous	841,654	3,775,048	4,616,702	4,559,329	57,373
Total revenues	11,947,318	26,011,337	37,958,655	38,275,495	(316,840)
Expenditures:					
Public safety	2,568,172	-	2,568,172	2,683,970	115,798
Public works	1,240,194	-	1,240,194	1,285,348	45,154
Culture and recreation	2,703,803	-	2,703,803	2,643,103	(60,700)
Community and economic development	719,144	-	719,144	652,517	(66,627)
General government	943,772	-	943,772	721,504	(222,268)
Debt service	551,975	-	551,975	626,975	75,000
Capital projects	3,017,294	-	3,017,294	3,692,282	674,988
Business type activities	-	26,754,730	26,754,730	30,808,091	4,053,361
Total expenditures	11,744,354	26,754,730	38,499,084	43,113,790	4,614,706
Excess (deficiency) of revenues over (under) expenditures	202,964	(743,393)	(540,429)	(4,838,295)	4,297,866
Other financing sources (uses):					
Transfers in	4,683,610	63,058	4,746,668	14,700,985	9,954,317
Transfers out	(4,185,094)	(561,574)	(4,746,668)	(14,700,985)	(9,954,317)
Unrealized gains(losses) on investments	(28)	2,153	2,125	-	(2,125)
Debt Proceeds	-	12,560,091	12,560,091	5,727,700	(6,832,391)
Proceeds from sale of assets	11,000	17,726	28,726	5,279	(23,447)
Total other financing sources	509,488	12,081,454	12,590,942	5,732,979	(6,857,963)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	712,452	11,338,061	12,050,513	894,684	11,155,829
Balance beginning of year	5,537,562	11,183,015	16,720,577	16,768,372	(47,795)
Balance end of year	\$ 6,250,014	22,521,076	28,771,090	17,663,056	11,108,034

See the following page for GAAP to modified accrual conversion necessary for this comparison.

See accompanying independent auditor's report.

City of Pella, Iowa
Budgetary Comparison Schedule
Proprietary-GAAP to Modified Accrual Reconciliation
Required Supplementary Information
Year ended June 30, 2020

	Proprietary Funds		
	GAAP	Accrual Adjustments	Modified Accrual Basis
Total revenues	\$ 26,154,987	(143,650)	26,011,337
Expenses:			
Business type activities	25,761,759	944,060	26,705,819
Excess (deficiency) of revenues under expenses	393,228	(1,087,710)	(694,482)
Other financing sources (uses):			
Transfers from other funds	63,058	-	63,058
Transfers (to) other funds	(561,574)		(561,574)
Net sale/purchase of fixed assets	-	17,726	17,726
Net (loss) gain on sale of fixed assets	(48,911)	-	(48,911)
Unrealized gains(losses) on investments	2,153	-	2,153
Debt proceeds	-	12,560,091	12,560,091
Total other financing sources (uses)	(545,274)	12,577,817	12,032,543
Increase (decrease) in net position	(152,046)	11,490,107	11,338,061
Beginning net position	57,339,556	(46,156,541)	11,183,015
Ending net position	\$ 57,187,510	(34,666,434)	22,521,076

The City budgets on the modified accrual basis. It includes proprietary expenditures outlays for capital assets and debt principal paid with adjustments to remove the effects of depreciation and bond issuance and discount costs recognized in GAAP accounting.

See accompanying independent auditor's report.

City of Pella, Iowa
Notes to Required Supplementary Information - Budgetary Reporting
Year ended June 30, 2020

The budgetary comparison is presented as Required Supplementary Information in accordance with *Government Accounting Standards* Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the modified accrual basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, there were no budget amendments.

During the year ended June 30, 2020, disbursements exceeded the amounts budgeted in the culture and recreation, community and economic development, and general government functions.

City of Pella, Iowa
Schedule of the City's Proportionate Share of the Net Pension Liability
Iowa Public Employee's Retirement System
For the Last Six Years* (In Thousands)
Required Supplementary Information

	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability, IPERS	0.062668%	0.061476%	0.060585%	0.061751%	0.062540%	0.064427%
City's proportionate share of the net pension liability, IPERS	\$ 3,653	3,889	4,000	3,851	3,109	2,607
City's covered payroll	\$ 4,801	4,619	4,484	4,391	4,311	4,306
City's proportionate share of the net pension liability as a percentage of its covered payroll	76.09%	84.20%	89.21%	87.70%	72.12%	60.54%
Plan fiduciary net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

*In accordance with GASB Statement No.68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

City of Pella, Iowa
Schedule of City Contributions
Iowa Public Employees' Retirement System
Last 10 Fiscal Years (In Thousands)
Required Supplementary Information

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 487	453	412	400	392	385	385	362	380	315
Contributions in relation to the statutorily required contribution	(487)	(453)	(412)	(400)	(392)	(385)	(385)	(362)	(380)	(315)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 5,158	4,801	4,619	4,484	4,391	4,311	4,306	4,181	4,712	4,533
Contributions as a percentage of covered-employee payroll	9.44%	9.44%	8.92%	8.92%	8.93%	8.93%	8.94%	8.66%	8.06%	6.95%

See accompanying independent auditor's report.

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017.

- Decreased the inflation assumption from 3.00% to 2.60 %.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

City of Pella, Iowa
Schedule of the City's Proportionate Share of the Net Pension Liability
Municipal Fire and Police Retirement System of Iowa
For the Last Six Years* (In Thousands)
Required Supplementary Information

	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability, MFPRSI	0.354845%	0.351496%	0.347156%	0.334439%	0.328838%	0.309936%
City's proportion of the net pension pension liability, MFPRSI	\$ 2,328	2,093	2,036	1,571	1,545	1,124
City's covered-employee payroll	\$ 1,074	1,022	983	906	862	791
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	216.76%	204.79%	207.12%	173.40%	179.23%	142.10%
Plan fiduciary net position as a percentage of the total pension liability	79.94%	81.07%	80.60%	78.20%	83.04%	86.27%

*In accordance with GASB Statement No.68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

City of Pella, Iowa
Schedule of City Contributions
Municipal Fire and Police Retirement System of Iowa
Last 10 Fiscal Years (In Thousands)
Required Supplementary Information

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 280	279	262	255	252	260	235	201	171	137
Contributions in relation to the statutorily required contribution	(280)	(279)	(262)	(255)	(252)	(260)	(235)	(201)	(171)	(137)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 1,145	1,074	1,022	983	906	862	791	745	731	698
Contributions as a percentage of covered-employee payroll	24.45%	25.98%	25.64%	25.94%	27.81%	30.16%	29.71%	26.98%	23.39%	19.63%

See accompanying independent auditor's report.

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

The 2018 valuation changed postretirement mortality rates to the RP-2014 Blue Collar Healthy Annuitant Tables with males set-forwards zero years, females set-forward two years and disabled individuals set-forward three years (male only rates), with generational projection of future mortality improvements with 50% of Scale BB beginning in 2017.

The 2017 valuation added five years projection of the future mortality improvement with Scale BB.

The 2016 valuation changed postretirement mortality rates to the RP-2000 Blue Collar Combined Healthy Mortality Table with males set back two years, females set -forward one year and disabled individuals set-forward one year (male only rates), with no projection of future mortality improvement.

The 2015 valuation phased in the 1994 Group Annuity Mortality Table for postretirement mortality. This resulted in a weighting of 1/12 of the 1971 Group Annuity Mortality Table and 11/12 of the 1994 Group Annuity Mortality Table.

The 2014 valuation phased in the 1994 Group Annuity Mortality Table for post-retirement mortality. This resulted in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

City of Pella, Iowa
Schedule of Changes in the City's
Total OPEB Liability, Related Ratios and Notes
For the Last Three Years
Required Supplementary Information

	2020	2019	2018
Service cost	\$ 17,201	16,700	16,020
Interest cost	12,769	12,730	13,196
Difference between expected and actual experiences	53,302	-	6,712
Changes in assumptions	53,777	-	(2,759)
Benefit payments	(21,968)	(35,891)	(33,727)
Net change in total OPEB liability	115,081	(6,461)	(558)
Total OPEB liability beginning of year	323,723	330,184	330,742
Total OPEB liability end of year	\$ 438,804	323,723	330,184
Covered-employee payroll	\$ 6,245,522	5,434,196	5,275,918
Total OPEB liability as a percentage of covered-employee payroll	7.03%	5.96%	6.26%

Notes to Schedule of Changes in the City's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2020	2.21%
Year ended June 30, 2019	3.87%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	4.00%

See accompanying independent auditor's report.

Supplementary Information

Schedule 1

City of Pella, Iowa
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2020

Special Revenue Funds												
	Debt Service	Pella Business Corridor Tax Increment Financing	Mills Farm Tax Increment Financing	Southwest UR Area Tax Increment Financing	Webster Park Tax Increment Financing	Lely Tax Increment Financing	Cobb Hill Tax Increment Financing	Road Use	Local Option Sales Tax	Employee Benefits	Pella City Band	Police Reserve
Assets												
Cash, cash equivalents and pooled investments	\$ 1,877	537,077	268	-	131	-	868	1,420,164	953,625	-	-	1,804
Receivable:												
Property tax:												
Delinquent	-	2,687	-	-	-	-	-	-	-	8,020	-	-
Succeeding year	119,737	-	-	-	-	-	-	-	-	1,042,179	-	-
Tax increment financing:												
Succeeding year	-	694,248	14,551	-	-	-	-	-	-	-	-	-
Local option sales tax	-	-	-	-	-	-	-	-	94,397	-	-	-
Accounts receivable, miscellaneous	-	-	-	-	-	-	-	3,860	-	-	-	-
Total assets	\$ 121,614	1,234,012	14,819	-	131	-	868	1,424,024	1,048,022	1,050,199	-	1,804
Liabilities, Deferred Inflows of Resources and Fund Balances												
Liabilities:												
Excess of warrants over bank balance	\$ -	-	-	-	-	-	-	-	-	8,020	-	-
Accounts payable	-	-	-	-	131	-	868	44,709	-	-	-	-
Salaries and benefits payable	-	-	-	-	-	-	-	27,299	-	-	-	-
Customer Deposits	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	131	-	868	72,008	-	8,020	-	-
Deferred inflows of resources:												
Unavailable revenues:												
Succeeding year property tax	119,737	-	-	-	-	-	-	-	-	1,042,179	-	-
Succeeding year tax increment financing	-	694,248	14,551	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	119,737	694,248	14,551	-	-	-	-	-	-	1,042,179	-	-
Fund balances:												
Nonspendable:												
Permanent trust	-	-	-	-	-	-	-	-	-	-	-	-
Restricted for:												
Debt Service	1,877	-	-	-	-	-	-	-	-	-	-	-
Other purposes	-	539,764	268	-	-	-	-	1,352,016	1,048,022	-	-	1,804
Total fund balances	1,877	539,764	268	-	-	-	-	1,352,016	1,048,022	-	-	1,804
Total liabilities, deferred inflows of resources and fund balances	\$ 121,614	1,234,012	14,819	-	131	-	868	1,424,024	1,048,022	1,050,199	-	1,804

See accompanying independent auditor's report.

Schedule 1

Special Revenue Funds												Permanent Funds		
Community Development Trust	Carnegie Viersen Library Gift/Memorial	Pella Community Center	Art Center Trust	Fire Department Trust	Airport Trust	Police Asset Forfeiture	Soccer Complex	Community Gardens Trust Fund	Community Service Scholarship Trust	Parks Development	Carnegie-Viersen- Van Gorp Trust Fund	Carnegie-Viersen Trust Fund	Van Gorp Trust	Total Non-major Governmental Funds
5,186	81,370	179	11,683	30,917	40,881	30,059	-	5,813	920	36,492	37,115	75,673	104,494	3,376,596
-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,707
-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,161,916
-	-	-	-	-	-	-	-	-	-	-	-	-	-	708,799
-	-	-	-	-	-	-	-	-	-	-	-	-	-	94,397
-	3	-	-	-	1	-	-	-	-	1	1	-	4	3,870
5,186	81,373	179	11,683	30,917	40,882	30,059	-	5,813	920	36,493	37,116	75,673	104,498	5,356,285
-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,020
-	771	-	-	-	-	-	-	19	-	355	-	-	-	46,853
-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,299
-	-	-	-	-	-	-	-	375	-	-	-	-	-	375
-	771	-	-	-	-	-	-	394	-	355	-	-	-	82,547
-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,161,916
-	-	-	-	-	-	-	-	-	-	-	-	-	-	708,799
-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,870,715
-	-	-	-	-	-	-	-	-	-	-	-	40,000	100,000	140,000
-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,877
5,186	80,602	179	11,683	30,917	40,882	30,059	-	5,419	920	36,138	37,116	35,673	4,498	3,261,146
5,186	80,602	179	11,683	30,917	40,882	30,059	-	5,419	920	36,138	37,116	75,673	104,498	3,403,023
5,186	81,373	179	11,683	30,917	40,882	30,059	-	5,813	920	36,493	37,116	75,673	104,498	5,356,285

Schedule 2

City of Pella, Iowa
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-Major Other Governmental Funds
Year ended June 30, 2020

	Special Revenue Funds											
	Debt Service	Pella Business Corridor Tax Increment Financing	Mills Farm Tax Increment Financing	Southwest UR Area Tax Increment Financing	Webster Park Tax Increment Financing	Lely Tax Increment Financing	Cobb Hill Tax Increment Financing	Road Use	Local option sales tax	Employee Benefits	Pella City Band	Police Reserve
Revenues:												
Property tax	\$ -	-	-	-	-	-	-	-	-	987,804	-	-
Tax increment financing	-	367,105	13,327	-	-	-	-	-	-	-	-	-
Local option sales tax	-	-	-	-	-	-	-	-	1,525,549	-	-	-
Other City Taxes	-	-	-	-	-	-	-	-	-	3,349	-	-
Intergovernmental	-	-	-	-	-	-	-	1,331,166	-	32,093	-	-
Use of money and property	15	10,737	45	-	-	-	-	-	7,325	3,832	-	20
Charges for service	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	3,571	-	-	-	-
Total revenues	15	377,842	13,372	-	-	-	-	1,334,737	1,532,874	1,027,078	-	20
Expenditures:												
Operating:												
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	978,428	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-
Community and economic development	-	7,814	13,327	5,291	3,323	9,504	11,674	-	-	-	-	-
General government	-	-	-	-	-	-	-	-	-	-	-	-
Debt service	551,975	-	-	-	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	551,975	7,814	13,327	5,291	3,323	9,504	11,674	978,428	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(551,960)	370,028	45	(5,291)	(3,323)	(9,504)	(11,674)	356,309	1,532,874	1,027,078	-	20
Other financing sources (uses):												
Transfer in	550,839	-	-	5,291	3,323	9,504	11,674	-	-	-	-	-
Transfer (out)	-	(676,634)	-	-	-	-	-	(159,961)	(873,277)	(1,027,078)	(1,000)	-
Unrealized gains(losses) in investments	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	550,839	(676,634)	-	5,291	3,323	9,504	11,674	(159,961)	(873,277)	(1,027,078)	(1,000)	-
Changes in fund balances	(1,121)	(306,606)	45	-	-	-	-	196,348	659,597	-	(1,000)	20
Fund balances beginning of year	2,998	846,370	223	-	-	-	-	1,155,668	388,425	-	1,000	1,784
Fund balances end of year	\$ 1,877	539,764	268	-	-	-	-	1,352,016	1,048,022	-	-	1,804

See accompanying independent auditor's report.

Schedule 2

Special Revenue Funds													Permanent Funds		
Community Development Trust	Carnegie Viersen Library Gift/Memorial	Pella Community Center	Art Center Trust	Fire Department Trust	Airport Trust	Police Asset Forfeiture	Soccer Complex	Community Gardens Trust Fund	Community Service Scholarship Trust	Parks Development	Carnegie-Viersen- Van Gorp Trust Fund		Carnegie-Viersen Trust Fund	Van Gorp Trust	Total Non-major Governmental Funds
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	987,804
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	380,432
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,525,549
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,349
-	13,123	-	-	-	-	1,773	-	-	-	-	-	-	-	-	1,378,155
74	1,162	2	117	234	592	307	1	649	7	447	541		178	1,534	27,819
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	5,965	-	31	39,320	-	-	-	-	389	7,193	-	-	-	-	56,469
74	20,250	2	148	39,554	592	2,080	1	649	396	7,640	541		178	1,534	4,359,577
-	-	-	-	24,439	-	354	-	-	-	-	-	-	-	-	24,793
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	978,428
-	14,411	-	1,067	-	-	-	174	153	60	10,153	-	-	-	-	26,018
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,933
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	551,975
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	14,411	-	1,067	24,439	-	354	174	153	60	10,153	-	-	-	-	1,632,147
74	5,839	2	(919)	15,115	592	1,726	(173)	496	336	(2,513)	541		178	1,534	2,727,430
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	580,631
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,737,950)
-	-	-	-	-	-	-	-	-	-	-	-	-	(28)	-	(28)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	(28)	-	(2,157,347)
74	5,839	2	(919)	15,115	592	1,726	(173)	496	336	(2,513)	541		150	1,534	570,083
5,112	74,763	177	12,602	15,802	40,290	28,333	173	4,923	584	38,651	36,575		75,523	102,964	2,832,940
5,186	80,602	179	11,683	30,917	40,882	30,059	-	5,419	920	36,138	37,116		75,673	104,498	3,403,023

City of Pella, Iowa
Schedule of Revenues by Sources and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Property tax	\$ 5,337,860	4,761,996	4,916,475	4,765,135	4,538,229	4,562,415	4,309,539	3,851,629	3,804,765	3,740,164
Tax increment financing revenue	380,432	1,619,812	866,345	961,041	692,606	640,576	414,713	1,460,029	1,500,001	1,367,004
Local option sales tax	1,525,549	1,421,039	1,309,121	1,050,492	1,016,934	991,254	998,237	944,294	954,070	937,924
Other city tax	516,903	490,736	485,937	511,982	486,216	454,343	453,159	458,477	452,189	417,145
Licenses and permits	325,316	127,309	99,077	116,866	115,971	146,254	104,104	93,058	66,381	50,908
Use of money and property	121,607	148,435	112,963	94,641	72,658	54,895	55,121	49,831	58,294	54,493
Intergovernmental	2,406,773	2,322,440	2,615,007	3,463,205	3,458,536	2,355,494	1,982,474	1,764,581	2,741,810	2,324,156
Special assessments	77,930	32,064	-	-	-	-	-	-	-	-
Charges for service	413,294	513,665	517,348	518,291	511,267	400,671	411,515	405,978	446,540	385,197
Miscellaneous	841,654	587,081	142,052	80,515	583,979	2,229,312	2,080,350	1,190,810	161,446	99,958
Total	\$ 11,947,318	12,024,577	11,064,325	11,562,168	11,476,396	11,835,214	10,809,212	10,218,687	10,185,496	9,376,949
Expenditures:										
Operating:										
Public safety	\$ 2,568,172	2,394,053	2,281,849	2,223,764	2,151,634	2,132,520	1,971,557	1,847,144	1,778,204	1,743,896
Public works	1,240,194	1,245,355	1,110,364	1,139,837	1,135,503	1,188,040	1,133,579	1,114,288	1,110,420	1,126,308
Culture and recreation	2,703,803	2,547,100	2,490,556	2,304,450	2,396,826	2,079,499	2,070,076	1,909,927	1,725,022	1,797,234
Community and economic development	719,144	649,537	677,569	698,006	602,407	546,442	638,673	620,265	579,804	670,113
General government	943,772	852,300	714,156	597,141	616,807	566,714	534,095	520,791	500,472	583,175
Debt service	551,975	549,948	764,878	800,333	1,067,803	1,446,277	998,354	962,228	957,882	977,618
Capital projects	3,017,294	3,326,485	3,061,319	3,049,898	3,403,574	5,892,536	6,609,085	3,052,512	2,048,265	2,666,864
Total	\$ 11,744,354	11,564,778	11,100,691	10,813,429	11,374,554	13,852,028	13,955,419	10,027,155	8,700,069	9,565,208

See accompanying independent auditor's report.

CITY OF PELLA, IOWA
STATISTICAL SECTION
(UNAUDITED)

The statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the City's overall financial health.

Contents	Pages
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	80-84
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax.	85-89
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	90-94
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	95-96
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	97-99

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the relevant period.

CITY OF PELLA, IOWA
Schedule 1
NET POSITION BY COMPONENT
LAST TEN FISCAL PERIODS
(ACCRUAL BASIS OF ACCOUNTING)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net investment in capital assets	\$ 34,482,112	\$ 35,726,179	\$ 37,877,294	\$ 40,799,416	\$ 45,870,195	\$ 47,968,200	\$ 49,345,811	\$ 50,599,202	\$ 51,568,034	\$ 52,945,598
Restricted	2,157,468	3,587,034	4,002,747	4,517,730	3,079,619	2,869,886	2,929,909	2,597,879	2,831,007	3,402,681
Unrestricted	2,018,000	2,311,323	2,245,535	2,170,736	(777,031)	(561,571)	(515,070)	(358,773)	(676,096)	(1,178,729)
Total governmental activities net position	\$ 38,657,580	\$ 41,624,536	\$ 44,125,576	\$ 47,487,882	\$ 48,172,783	\$ 50,276,515	\$ 51,760,650	\$ 52,838,308	\$ 53,722,945	\$ 55,169,550
Business-type activities:										
Net investment in capital assets	\$ 44,789,521	\$ 52,556,521	\$ 54,348,617	\$ 49,799,980	\$ 47,492,989	\$ 43,682,489	\$ 46,718,554	\$ 47,407,634	\$ 47,842,375	\$ 36,485,304
Restricted	2,504,776	440,479	357,165	1,393,354	477,652	4,186,682	1,103,164	828,241	828,241	10,530,536
Unrestricted	8,507,196	10,820,721	6,914,519	7,280,724	6,914,209	8,206,263	9,745,207	8,011,811	8,668,940	10,171,670
Total business-type activities net position	\$ 55,801,493	\$ 63,817,721	\$ 61,620,301	\$ 58,474,058	\$ 54,884,850	\$ 56,075,434	\$ 57,566,925	\$ 56,247,686	\$ 57,339,556	\$ 57,187,510
Primary government:										
Net investment in capital assets	\$ 79,271,633	\$ 88,282,700	\$ 92,225,911	\$ 90,599,396	\$ 93,363,184	\$ 91,650,689	\$ 96,064,365	\$ 98,006,836	\$ 99,410,409	\$ 89,430,902
Restricted	4,662,244	4,027,513	4,359,912	5,911,084	3,557,271	7,056,568	4,033,073	3,426,120	3,659,248	13,933,217
Unrestricted	10,525,196	13,132,044	9,160,054	9,451,460	6,137,178	7,644,692	9,230,137	7,653,038	7,992,844	8,992,941
Total primary government net position	\$ 94,459,073	\$ 105,442,257	\$ 105,745,877	\$ 105,961,940	\$ 103,057,633	\$ 106,351,949	\$ 109,327,575	\$ 109,085,994	\$ 111,062,501	\$ 112,357,060

Source: City records

CITY OF PELLA, IOWA
Schedule 2
CHANGES IN NET POSITION
LAST TEN FISCAL PERIODS
(ACCRUAL BASIS OF ACCOUNTING)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
Public safety	\$ 1,835,144	\$ 1,910,503	\$ 2,040,594	\$ 2,144,944	\$ 2,141,031	\$ 2,213,183	\$ 2,503,655	\$ 2,562,801	\$ 2,777,978	\$ 3,011,082
Public works	1,806,281	1,808,141	1,924,567	2,005,890	2,062,009	2,026,081	2,105,078	2,151,537	2,340,041	2,322,519
Culture and recreation	2,141,407	2,217,756	2,388,850	2,563,824	2,589,175	3,019,009	3,128,673	3,336,304	3,402,043	3,631,394
Community and economic development	670,644	580,694	621,028	639,517	542,066	599,201	701,690	682,503	650,973	720,399
General government	619,217	627,040	667,226	710,380	733,187	777,742	815,543	951,368	983,626	1,225,900
Interest on long-term debt	178,906	154,111	128,334	138,888	140,757	110,064	80,057	59,259	40,548	27,535
Facilities and acquisition	164,012	161,725	167,816	514,285	163,875	340,194	316,535	309,220	1,363,171	551,872
Total governmental activities expenses	7,415,611	7,459,970	7,938,415	8,717,728	8,372,100	9,085,474	9,651,231	10,052,992	11,558,380	11,490,701
Business-type activities:										
Water	\$ 1,934,975	\$ 2,036,593	\$ 2,000,589	\$ 2,118,608	\$ 2,333,165	\$ 2,186,183	\$ 2,362,823	\$ 2,584,344	\$ 2,838,389	\$ 2,896,436
Wastewater	2,031,855	2,087,578	2,266,770	2,342,147	2,276,545	2,289,861	2,406,423	2,428,041	2,459,485	2,685,246
Sanitation	518,840	534,752	504,061	588,688	539,199	528,210	545,467	569,016	578,140	609,274
Electric	17,460,090	19,845,927	20,044,564	21,196,337	20,238,469	20,042,442	19,937,277	20,844,330	19,837,771	19,071,181
Telecommunications										548,803
Total business-type activities expenses	21,945,760	24,504,850	24,815,984	26,245,780	25,387,378	25,046,696	25,251,990	26,425,731	25,713,785	25,810,940
Total primary government expenses	29,361,371	31,964,820	32,754,399	34,963,508	33,759,478	34,132,170	34,903,221	36,478,723	37,272,165	37,301,641
Program Revenues										
Governmental activities:										
Charges for services:										
Public safety	61,692	70,857	67,611	59,298	55,464	39,735	42,346	42,406	42,638	26,836
Public works	49,721	62,591	61,904	26,360	23,010	25,503	24,039	37,408	55,882	90,147
Culture and recreation	349,602	404,132	370,537	414,460	412,238	527,191	556,060	535,547	522,885	433,449
Community and economic development	2,964	2,711	2,732	91,971	133,139	104,292	102,742	88,755	142,430	312,574
General government	66,666	80,183	98,117	21,689	18,408	29,762	31,560	40,096	18,143	22,942
Operating grants and contributions:										
Public safety	67,041	22,616	27,914	21,484	22,319	41,630	40,757	27,972	48,085	107,952
Public works	970,318	983,768	994,271	1,035,787	1,086,146	1,284,055	1,288,086	1,332,696	1,344,135	1,383,829
Culture and recreation	48,723	50,083	46,073	50,844	96,827	121,473	87,022	131,248	500,736	191,324
Community and economic development					5,132	8,879	4,584	5,256		
Capital grants and contributions										
Public safety						187,107	89,053	45,122	12,993	6,816
Public works				989,241	70,922	987,523	903,698	387,174	911,156	611,722
Culture and recreation									56,648	649,000
Facilities and acquisition	553,820	893,637	1,097,186	2,031,266	2,349,291	252,658	222	348	697	639
Total governmental activities program revenue	2,170,547	2,570,578	2,766,345	4,742,400	4,272,896	3,609,808	3,170,169	2,674,028	3,656,428	3,837,230
Business-type activities:										
Charges for services:										
Water	\$ 2,055,764	\$ 2,226,629	\$ 2,039,904	\$ 2,094,819	\$ 2,007,401	\$ 2,160,838	\$ 2,285,685	\$ 2,544,932	\$ 2,571,416	\$ 2,565,765
Wastewater	1,735,955	1,786,980	1,859,345	2,088,377	2,058,419	2,109,125	2,072,007	2,057,015	2,166,855	2,332,132
Sanitation	593,822	617,518	622,565	626,684	617,544	598,831	607,611	618,073	628,967	625,764
Electric	17,817,908	17,919,285	16,554,237	19,559,389	19,480,493	20,764,206	20,642,596	20,696,800	20,117,520	20,308,373
Telecommunications										13
Operating grants and contributions										
Water						188,102				
Wastewater										
Sanitation										
Electric	20,186	7,878								
Capital grants and contributions										
Water										
Wastewater										
Sanitation										
Electric										
Total business-type activities program revenues	22,223,635.00	22,558,290.00	21,076,051.00	24,369,269.00	24,163,857.00	25,821,102.00	25,607,899.00	25,916,820.00	25,484,758.00	25,832,047.00
Total primary government program revenues	24,394,182.00	25,128,868.00	23,842,396.00	29,111,669.00	28,436,753.00	29,430,910.00	28,778,068.00	28,590,848.00	29,141,186.00	29,669,277.00
Net (expense) revenue:										
Governmental activities	(5,245,064)	(4,889,392)	(5,172,070)	(3,975,328)	(4,099,204)	(5,475,666)	(6,481,062)	(7,378,964)	(7,901,952)	(7,653,471)
Business-type activities	277,875	(1,946,560)	(3,739,933)	(1,876,511)	(1,223,521)	774,406	355,909	(508,911)	(229,027)	21,107
Total primary government net expense	\$ (4,967,189)	\$ (6,835,952)	\$ (8,912,003)	\$ (5,851,839)	\$ (5,322,725)	\$ (4,701,260)	\$ (6,125,153)	\$ (7,887,875)	\$ (8,130,979)	\$ (7,632,364)
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property and other city tax levied	\$ 4,157,309	\$ 4,256,954	\$ 4,310,106	\$ 4,762,698	\$ 5,016,758	\$ 5,024,445	\$ 5,277,117	\$ 5,402,412	\$ 5,252,732	\$ 5,854,763
Local option sales tax	1,178,373	1,350,972	1,179,828	1,242,618	1,287,412	1,286,934	1,358,738	1,309,121	1,421,039	1,525,549
Tax increment financing	1,367,004	1,500,001	1,460,029	414,713	640,576	692,606	961,040	866,345	1,619,812	380,432
Unrestricted grants and contributions	42,128	47,027	43,131	38,750	106,808	210,189	191,465	193,155	177,119	173,171
Payments in lieu of taxes	443,836	440,031	445,739	623,870	568,858	591,303	582,379	593,101	576,731	579,830
Unrestricted investment earnings	17,627	19,933	13,504	13,550	13,074	13,338	16,016	26,183	84,423	76,815
Miscellaneous	125		5				5,130			
Gain(loss) on sale/disposal of assets	13,425	(14)	20,405	47,113	3,311	4,563		7,413	6,667	11,000
Transfers	241,843	241,444	200,363	194,322	226,446	(243,980)	(424,239)	130,218	(351,934)	498,516
Total governmental activities	7,461,670	7,856,348	7,673,110	7,337,634	7,863,243	7,579,398	7,965,197	8,527,948	8,786,589	9,100,076
Business-type activities:										
Unrestricted investment earnings	88,788	82,657	44,938	31,801	30,639	37,463	47,272	74,242	164,910	154,195
Miscellaneous	140,768	312,296	1,694,071	619,331	53,882	35,948	649,186	45,343	801,028	170,898
Gain(loss) on sale/disposal of assets	4,030	9,809,279	3,867	(1,726,542)	(623,302)	98,787	14,885	13,865	3,025	270
Transfers	(241,843)	(241,444)	(200,363)	(194,322)	(226,446)	243,980	424,239	(130,218)	351,934	(498,516)
Total business-type activities	(8,257)	9,962,788	1,542,513	(1,269,732)	(765,227)	416,178	1,135,582	3,232	1,320,897	(173,153)
Total primary government	7,453,413	17,819,136	9,215,623	6,067,902	7,098,016	7,995,576	9,100,779	8,531,180	10,107,486	8,926,923
Changes in net position										
Governmental activities	2,216,606	2,966,956	2,501,040	3,362,306	3,764,039	2,103,732	1,484,135	1,148,984	884,637	1,446,605
Business-type activities	269,618	8,016,228	(2,197,420)	(3,146,243)	(1,988,748)	1,190,584	1,491,491	(505,679)	1,091,870	(152,046)
Total primary government	\$ 2,486,224	\$ 10,983,184	\$ 303,620	\$ 216,063	\$ 1,775,291	\$ 3,294,316	\$ 2,975,626	\$ 643,305	\$ 1,976,507	\$ 1,294,559

CITY OF PELLA, IOWA
Schedule 3
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL PERIODS
(ACCRUAL BASIS OF ACCOUNTING)

Function / Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Public safety	\$ 128,733	\$ 93,473	\$ 95,525	\$ 80,782	\$ 121,734	\$ 268,472	\$ 172,156	\$ 115,500	\$ 103,716	\$ 141,604
Public works	1,572,734	1,933,160	1,071,902	2,062,631	1,416,632	2,297,081	2,215,823	1,757,278	2,311,173	2,085,698
Culture and recreation	398,325	454,215	1,497,316	2,484,675	2,577,672	901,161	643,082	666,795	1,080,269	1,273,773
Community and economic development	2,964	8,425	2,732	91,971	138,271	113,171	107,326	94,011	142,430	312,574
General government	67,791	81,305	98,870	22,341	18,587	29,923	31,782	40,444	18,840	22,942
Total governmental activities	2,170,547	2,570,578	2,766,345	4,742,400	4,272,896	3,609,808	3,170,169	2,674,028	3,656,428	3,836,591
Business-type activities:										
Water	2,055,764	2,226,629	2,039,904	2,094,819	2,007,401	2,348,940	2,285,685	2,544,932	2,571,416	2,565,765
Wastewater	1,735,955	1,786,980	1,859,345	2,088,377	2,058,419	2,109,125	2,072,007	2,057,015	2,166,855	2,332,132
Sanitation	593,822	617,518	622,565	626,684	617,544	598,831	607,611	618,073	628,967	625,764
Electric	17,838,094	17,927,163	16,554,237	19,559,389	19,480,493	20,764,206	20,642,596	20,696,800	20,117,520	20,308,373
Telecommunications										13
Total business-type activities	22,223,635	22,558,290	21,076,051	24,369,269	24,163,857	25,821,102	25,607,899	25,916,820	25,484,758	25,832,047
Total government	\$ 24,394,182	\$ 25,128,868	\$ 23,842,396	\$ 29,111,669	\$ 28,436,753	\$ 29,430,910	\$ 28,778,068	\$ 28,590,848	\$ 29,141,186	\$ 29,668,638

CITY OF PELLA, IOWA
Schedule 4
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL PERIODS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Reserved										
Unreserved										
Assigned										
Unassigned	1,770,017	2,051,767	2,055,057	2,050,815	2,036,184	2,110,919	2,376,725	2,819,895	2,703,557	2,591,016
Nonspendable	215,495	4,120	1,980	1,030	860	1,010	1,045	31,515	1,065	1,535
Restricted										
Committed						-				
Total general fund	\$ 1,985,512	\$ 2,055,887	\$ 2,057,037	\$ 2,051,845	\$ 2,037,044	\$ 2,111,929	\$ 2,377,770	\$ 2,851,410	\$ 2,704,622	\$ 2,592,551
All other governmental funds										
Reserved										
Unreserved, reported in:										
Special revenue funds										
Capital projects funds										
Restricted for:										
Capital projects										
Debt service funds										
Urban renewal and development										
Other purposes										
Unassigned										
Nonspendable	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Restricted	1,942,614	3,599,110	4,010,260	4,390,399	2,948,041	2,735,910	2,794,455	2,430,443	2,692,940	3,517,463
Committed										
Assigned										
Total all other governmental funds	\$ 2,082,614	\$ 3,739,110	\$ 4,150,260	\$ 4,530,399	\$ 3,088,041	\$ 2,875,910	\$ 2,934,455	\$ 2,570,443	\$ 2,832,940	\$ 3,657,463

CITY OF PELLA, IOWA
Schedule 5
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL PERIODS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Taxes	\$ 6,462,237	\$ 6,711,025	\$ 6,714,429	\$ 6,175,648	\$ 6,648,588	\$ 6,733,985	\$ 7,288,650	\$ 7,577,878	\$ 8,293,583	\$ 7,760,744
Licenses and permits	50,908	66,381	93,058	104,104	146,254	115,971	116,866	99,077	127,309	325,316
Intergovernmental	2,324,156	2,741,810	1,764,581	1,982,474	2,355,494	3,458,536	3,463,205	2,615,007	2,322,440	2,406,773
Charges for services	385,197	446,540	405,978	411,525	400,671	511,267	518,291	517,348	513,665	413,294
Use of money and property	54,493	58,294	49,831	55,121	54,895	72,658	94,641	112,963	148,435	121,607
Special Assessments									32,064	77,930
Miscellaneous	99,958	161,446	1,190,810	2,080,350	2,229,312	583,979	80,515	142,052	587,081	841,654
Total revenues	9,376,949	10,185,496	10,218,687	10,809,222	11,835,214	11,476,396	11,562,168	11,064,325	12,024,577	11,947,318
Expenditures:										
Public safety	1,743,896	1,778,204	1,847,144	1,971,557	2,132,520	2,151,634	2,223,764	2,281,849	2,394,053	2,568,172
Public works	1,126,308	1,110,420	1,114,288	1,133,579	1,188,040	1,135,503	1,139,837	1,110,364	1,245,355	1,240,194
Culture and recreation	1,797,234	1,725,022	1,909,927	2,070,076	2,079,499	2,396,826	2,304,450	2,490,556	2,547,100	2,703,803
Community and economic development	670,113	579,804	620,265	638,673	546,442	602,407	698,006	677,569	649,537	719,144
General government	583,175	500,472	520,791	534,095	566,714	616,807	597,141	714,156	852,300	943,772
Capital outlay	2,666,864	2,048,265	3,052,512	6,609,085	5,892,536	3,403,574	3,049,898	3,061,319	3,326,485	3,017,294
Debt Service:										
Principal	785,000	790,000	820,000	850,000	1,280,693	947,172	710,514	695,738	500,000	515,000
Interest	190,818	165,882	140,228	113,113	163,084	118,631	88,319	67,640	48,948	35,975
Bond fees/issuance costs	1,800	2,000	2,000	35,241	2,500	2,000	1,500	1,500	1,000	1,000
Total expenditures	9,565,208	8,700,069	10,027,155	13,955,419	13,852,028	11,374,554	10,813,429	11,100,691	11,564,778	11,744,354
Excess (deficiency) of revenues over (under) expenditures	(188,259)	1,485,427	191,532	(3,146,197)	(2,016,814)	101,842	748,739	(36,366)	459,799	202,964
Other financing sources (uses):										
Issuance of long-term debt				3,200,000						
Issuance of capital lease					329,167					
Premium (discount) on long-term debt				74,878						
Proceeds from sale of capital assets	13,425		20,700	51,808	3,796	4,563		15,756	6,667	11,000
Transfers in	3,493,608	3,058,143	3,824,865	6,342,215	4,979,000	3,398,530	4,088,308	5,410,813	4,509,325	4,683,610
Transfers out	(3,251,765)	(2,816,699)	(3,624,502)	(6,147,893)	(4,752,554)	(3,642,510)	(4,512,547)	(5,280,595)	(4,861,259)	(4,185,094)
Unrealized gains (losses) on investments			(295)	136	246	329	(114)	20	1,177	(28)
Total other financing sources (uses)	255,268	241,444	220,768	3,521,144	559,655	(239,088)	(424,353)	145,994	(344,090)	509,488
Net change in fund balances	\$ 67,009	\$ 1,726,871	\$ 412,300	\$ 374,947	\$ (1,457,159)	\$ (137,246)	\$ 324,386	\$ 109,628	\$ 115,709	\$ 712,452
Debt service as a percentage of noncapital expenditures	13.82%	14.03%	13.44%	12.25%	17.93%	13.04%	9.89%	9.14%	5.79%	5.95%

Source: City records

CITY OF PELLA, IOWA

Schedule 6

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE LAST TEN FISCAL PERIODS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property Tax (1)	Tax Increment Finance Revenue (TIF)	Cable Franchise	Hotel/Motel Tax	Total
2011	3,753,054	1,367,004	47,393	266,406	5,433,857
2012	3,819,023	1,500,001	49,521	293,166	5,661,711
2013	3,866,494	1,460,029	48,374	302,845	5,677,742
2014	4,323,422	414,713	47,736	289,500	5,075,371
2015	4,575,546	640,576	48,641	339,244	5,604,007
2016	4,552,663	692,606	51,338	362,451	5,659,058
2017	4,776,876	961,041	51,875	387,801	6,177,593
2018	4,944,781	866,345	54,104	416,258	6,281,488
2019	4,774,781	1,619,812	56,340	417,551	6,868,484
2020	5,351,960	380,432	56,275	442,559	6,231,226
Change 2011-2020	43%	-72%	19%	66%	15%

Source: City records

(1) For the purposes of this schedule, Property Taxes includes miscellaneous Other City Taxes that are received in conjunction with the county's tax collection on behalf of the City. These misc. taxes include Utility Tax Replacement / Excise Tax.

CITY OF PELLA, IOWA

Schedule 7

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL PERIODS

Valuation Date Jan 1.	Fiscal Year Collected	Residential Property	Multi-Residential Property	Commercial Property	Industrial Property	Ag Land/Buildings	Utilities	Tax Increment	Military Exempt	Total Assessed Value	Actual Taxable Value	Total Direct Tax Rate
2009	2011	504,565,666		88,069,540	36,310,789	3,009,310	4,777,044	49,258,593	(660,238)	685,330,704	414,359,845	10.20000
2010	2012	505,688,590		86,771,209	36,721,880	3,162,422	4,868,567	52,001,162	(633,384)	688,580,446	425,069,453	10.20000
2011	2013	492,080,466		87,028,032	36,069,020	4,253,398	5,182,406	52,553,621	(611,160)	676,555,783	428,955,566	10.20000
2012	2014	497,315,670		114,280,712	45,375,736	4,259,783	5,254,897	14,517,440	(609,308)	680,394,930	441,464,721	10.20000
2013	2015	497,725,970		143,380,103	43,132,426	5,484,938	5,082,727	22,947,174	(594,492)	717,158,846	474,135,870	10.20000
2014	2016	504,330,004		132,234,820	48,361,146	5,775,380	4,914,287	25,810,611	(587,084)	720,839,164	470,880,033	10.20000
2015	2017	543,978,764	30,382,967	104,067,009	49,485,340	5,803,950	4,900,207	35,520,528	(559,304)	773,579,461	502,795,797	10.20000
2016	2018	550,210,325	31,081,710	108,935,915	50,653,186	5,803,978	5,328,427	30,900,516	(551,896)	782,362,161	514,428,184	10.20000
2017	2019	580,972,058	22,348,815	106,019,083	38,431,556	4,621,036	7,876,240	56,932,072	(520,412)	816,680,448	525,032,709	10.20000
2018	2020	589,940,301	26,103,284	131,561,253	57,478,735	4,607,470	7,785,257	13,323,398	(507,448)	830,292,250	540,517,579	10.20000

Source: Iowa Department of Management - Marion and Mahaska Counties

Note: The tax rate collected by the City for properties in the Tax Increment Districts varies by district, ranging from a rate > the City's direct rate
To a rate < the total rate for all overlapping governments

Note: Prior to FY 2017, Multi-Residential Property was included with Commercial Property and taxed at the same rate. Beginning in FY 2017, it's rollback percentage is 3.75% less than Commercial Property. The rollback percentage for Multi-Residential Property will decrease 3.75% per year until it is taxed at the same rate as Residential Property

CITY OF PELLA, IOWA

Schedule 8

DIRECT AND OVERLAPPING PROPERTY TAX RATES - PER \$1,000 OF ASSESSED VALUATION LAST TEN FISCAL PERIODS

Fiscal Year	City Direct Rates				Overlapping Property Tax Rates						Total Direct & Overlapping Rates
	General Fund	Debt Service	Other Levies	Total Direct	School District	Marion County	Community College	County Assessor	State	Ag. Extension	
2011	8.09204	0.55091	1.55710	10.20005	13.99256	6.77291	0.56008	0.37807	0.00340	0.18627	32.09334
2012	7.99884	0.54090	1.66026	10.20000	14.21433	6.83648	0.59018	0.35604	0.00320	0.19732	32.39755
2013	7.78831	0.64450	1.76719	10.20000	14.19902	6.75229	0.58466	0.36253	0.00330	0.20104	32.30284
2014	7.96281	0.62767	1.56056	10.15104	14.36515	6.72081	0.69120	0.30557	0.00330	0.19417	32.43124
2015	8.10000	0.58465	1.51535	10.20000	14.70030	6.43728	0.65724	0.30676	0.00330	0.19303	32.49791
2016	8.10000	0.59918	1.50082	10.20000	14.70000	6.43613	0.67574	0.32430	0.00330	0.19722	32.53669
2017	8.10000		2.10000	10.20000	15.18669	6.39298	0.72334	0.31245	0.00330	0.19581	33.01457
2018	8.10000		2.10000	10.20000	15.18630	6.60713	0.67458	0.29989	0.00310	0.19489	33.16589
2019	8.10000		2.10000	10.20000	15.18634	6.74309	0.69468	0.25414	0.00290	0.19819	33.27934
2020	8.10000	0.19065	1.90935	10.20000	14.70707	6.77706	0.65249	0.19263	0.00280	0.18877	32.72082

Source: Iowa Department of Management

Note: State law limits the maximum tax rate for the General Fund to \$8.10 per thousand dollars of assessed valuation.

CITY OF PELLA, IOWA
Schedule 9
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2020			2011		
	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Pella Corporation	\$ 18,922,202	1	3.50%	\$ 19,803,002	1	4.78%
Vermeer Mfg Company	16,544,675	2	3.06%	17,094,177	2	4.13%
MDP LLC	7,998,051	3	1.48%	6,515,020	3	1.57%
Welltower Iowa Holdco LLC	6,840,648	4	1.27%			
Wal-Mart Property Tax Dept	5,169,177	5	0.96%	4,935,350	5	1.19%
Leighton State Bank	4,756,014	6	0.88%			
Casey's Marketing Company	4,487,058	7	0.83%			
CD & MJ LLC	4,304,149	8	0.80%			
GI Warehouse Corp	3,644,766	9	0.67%	2,736,280	10	0.66%
Brumark Properties LLC	3,386,284	10	0.63%			
Pella Senior Housing LLC				5,696,740	4	1.37%
Pella Properties LLC				3,952,850	6	0.95%
Vander Waal, Charles D & Marla				3,780,258	7	0.91%
Trigen LLC				3,489,070	8	0.84%
Jaarsma Family Investments LP				3,112,528	9	0.75%
Total	<u>76,053,024</u>		<u>14.07%</u>	<u>\$ 71,115,275</u>		<u>17.16%</u>

Source: Marion County Assessor's Office

CITY OF PELLA, IOWA
Schedule 10
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL PERIODS
(CASH BASIS OF ACCOUNTING)

For the Fiscal Year Ended June 30th	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	3,737,054	3,753,054	100.43%		3,753,054	100.43%
2012	3,818,786	3,819,023	100.01%		3,819,023	100.01%
2013	3,867,655	3,866,494	99.97%		3,866,494	99.97%
2014	4,328,570	4,323,422	99.88%		4,323,422	99.88%
2015	4,681,246	4,575,546	97.74%		4,575,546	97.74%
2016	4,551,778	4,552,663	100.02%		4,552,663	100.02%
2017	4,763,462	4,776,876	100.28%		4,776,876	100.28%
2018	4,929,358	4,944,781	100.31%		4,944,781	100.31%
2019	4,770,543	4,774,781	100.09%		4,774,781	100.09%
2020	5,358,811	5,351,960	99.87%		5,351,960	99.87%

Source: City's certified budget for amt/ levied; monthly tax statements from Marion and Mahaska County Treasurer's Offices.

CITY OF PELLA, IOWA
Schedule 11
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL PERIODS

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Total Debt Per Capita	Total Debt as a percentage of Personal Income
	General Obligation Bonds	Tax Increment Financing Bonds	Capital Leases	Installment Contracts	Financing Agreements	General Obligation Bonds	Revenue Bonds			
2011	1,235,000	3,490,000					16,657,069	21,382,069	2,066	7.56%
2012	1,005,000	2,930,000					4,952,767	8,887,767	859	3.42%
2013	770,000	2,345,000					6,494,628	9,609,628	928	3.59%
2014	3,725,000	1,740,000					10,800,180	16,265,180	1,571	6.17%
2015	3,150,000	1,110,000	253,474				11,279,879	15,793,353	1,526	6.19%
2016	2,550,000	855,000	161,302				18,674,241	22,240,543	2,148	8.24%
2017	2,210,000	580,000	65,788				24,319,244	27,175,032	2,625	9.20%
2018	1,865,000	295,000					23,748,394	25,908,394	2,503	7.40%
2019	1,510,000	150,000					22,199,768	23,859,768	2,305	6.46%
2020	1,145,000						32,830,859	33,975,859	3,282	Not Available

Note: Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.

CITY OF PELLA, IOWA

Schedule 12

RATIOS OF GENERAL OBLIGATION BONDED DEBT LAST TEN FISCAL PERIODS

Fiscal Year	Governmental Activities			Ratio of Total Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
	General	Tax Increment	Total		
	Obligation Bonds	Financing Bonds	General Bonded Debt		
2011	1,235,000	3,490,000	4,725,000	0.00689 to 1	456.43
2012	1,005,000	2,930,000	3,935,000	0.00571 to 1	380.12
2013	770,000	2,345,000	3,115,000	0.00460 to 1	300.91
2014	3,725,000	1,740,000	5,465,000	0.00803 to 1	527.92
2015	3,150,000	1,110,000	4,260,000	0.00594 to 1	411.51
2016	2,550,000	855,000	3,405,000	0.00472 to 1	328.92
2017	2,210,000	580,000	2,790,000	0.00361 to 1	269.51
2018	1,865,000	295,000	2,160,000	0.00276 to 1	208.66
2019	1,510,000	150,000	1,660,000	0.00203 to 1	160.36
2020	1,145,000		1,145,000	0.00138 to 1	110.61

Note: Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.

CITY OF PELLA, IOWA

Schedule 13

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT FOR THE YEAR ENDED JUNE 30, 2020

Governmental Unit	General Obligation Debt Outstanding June 30, 2019*	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Marion County	1,705,000	33.78%	575,949
Mahaska County	8,890,000	22.00%	19,558
Pella Community School District	30,495,000	60.28%	18,382,386
Des Moines Area Community College	68,010,000	1.07%	727,707
			19,705,600
Subtotal, Overlapping Debt			19,705,600
City Direct Debt			23,859,768
Total direct and overlapping debt			\$ 43,565,368

Sources: Iowa Department of Management and State Treasurer of Iowa

*Used June 30, 2019 outstanding debt due to June 30, 2020 information was unavailable.

City of Pella, Iowa
Schedule 14
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2020	
Assessed value	\$ 830,292,250
Debt limit (5% of assessed value)	41,514,613
Debt applicable to limit:	
General obligation bonds	1,145,000
Developer Rebate Agreements	
Legal debt margin	<u>\$ 40,369,613</u>

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 34,266,535	\$ 34,429,022	\$ 33,827,789	\$ 34,019,746	\$ 35,857,942	\$ 36,041,958	\$ 38,678,973	\$ 39,118,201	\$ 40,834,022	\$ 41,514,613
Total net debt applicable to limit	5,817,129	4,934,619	4,184,135	3,374,434	5,543,029	4,379,941	3,458,093	2,803,216	2,172,884	1,145,000
Legal debt margin	<u>\$ 28,449,406</u>	<u>\$ 29,494,403</u>	<u>\$ 29,643,654</u>	<u>\$ 30,645,312</u>	<u>\$ 30,314,913</u>	<u>\$ 31,662,017</u>	<u>\$ 35,220,880</u>	<u>\$ 36,314,985</u>	<u>\$ 38,661,138</u>	<u>\$ 40,369,613</u>
Total net debt applicable to the limit as a percentage of debt limit	16.98%	14.33%	12.37%	9.92%	15.46%	12.15%	8.94%	7.17%	5.32%	2.76%

Source: City records and County Auditor's office.

CITY OF PELLA, IOWA
Schedule 15
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL PERIODS

Water Revenue Bonds							
Fiscal Year	Pledge Revenue*	Less: Operating Expenses	Net Available Revenue	Debt Service			Ratio of Coverage
				Principal	Interest	Total	
2011	2,129,610	1,297,647	831,963	320,000	67,295	387,295	2.15
2012	2,299,608	1,391,368	908,240	340,000	59,251	399,251	2.27
2013	2,122,385	1,360,466	761,919	350,000	43,310	393,310	1.94
2014	2,102,462	1,439,284	663,178	370,000	38,871	408,871	1.62
2015	2,013,184	1,585,555	427,629	295,000	23,405	318,405	1.34
2016	2,165,069	1,495,833	669,236		67,114	67,114	9.97
2017	2,288,568	1,494,540	794,028		173,658	173,658	4.57
2018	2,552,545	1,504,618	1,047,927	664,000	268,928	932,928	1.12
2019	2,586,964	1,458,804	1,128,160	677,000	258,284	935,284	1.21
2020	2,579,600	1,443,824	1,135,776	691,000	239,698	930,698	1.22

Sewer Revenue Bonds							
Fiscal Year	Pledge Revenue*	Less: Operating Expenses	Net Available Revenue	Debt Service			Ratio of Coverage
				Principal	Interest	Total	
2011	1,786,344	1,092,727	693,617	235,000	116,657	351,657	1.97
2012	1,823,966	1,131,593	692,373	246,000	125,725	371,725	1.86
2013	1,894,364	1,236,986	657,378	256,000	173,462	429,462	1.53
2014	2,106,783	1,126,658	980,125	266,000	42,980	308,980	3.17
2015	2,078,160	1,118,641	959,519	433,580	181,561	615,141	1.56
2016	2,130,184	1,157,489	972,695	467,420	171,835	639,255	1.52
2017	2,143,956	1,296,840	847,116	468,000	161,198	629,198	1.35
2018	2,082,489	1,319,614	762,875	499,580	146,447	646,027	1.18
2019	2,200,560	1,350,678	849,882	519,000	127,893	646,893	1.31
2020	2,359,831	1,428,979	930,852	538,000	115,392	653,392	1.42

Electric Revenue Bonds							
Fiscal Year	Pledge Revenue*	Less: Operating Expenses	Net Available Revenue	Debt Service			Ratio of Coverage
				Principal	Interest	Total	
2011	17,935,581	14,854,745	3,080,836	1,175,000	478,764	1,653,764	1.86
2012	18,161,209	17,276,954	884,255			-	-
2013	17,984,756	17,437,219	547,537			-	-
2014	19,581,627	17,577,122	2,004,505		74,205	74,205	27.01
2015	19,502,846	17,651,228	1,851,618	255,000	84,316	339,316	5.46
2016	20,793,834	17,583,946	3,209,888	290,000	158,763	448,763	7.15
2017	20,682,252	17,487,342	3,194,910	660,000	155,214	815,214	3.92
2018	20,755,403	18,264,905	2,490,498	670,000	141,997	811,997	3.07
2019	20,249,248	17,284,731	2,964,517	680,000	136,978	816,978	3.63
2020	20,437,293	16,359,587	4,077,706	700,000	121,948	821,948	4.96

Notes:

*Pledged Revenues include operating revenue and investment earnings.

Operating expenses excluding depreciation, amortization and payment in lieu of taxes/services expenses

CITY OF PELLA, IOWA
Schedule 16
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL PERIODS

Calendar Year	Population	Personal Income	Per Capita Income	Median Age	Unemployment Rate
2011	10,352	282,806,288	27,319	33.4	5.4%
2012	10,352	259,648,864	25,082	32.1	4.8%
2013	10,352	267,785,536	25,868	31.6	4.5%
2014	10,352	263,499,808	25,454	32.5	3.8%
2015	10,352	255,228,560	24,655	32.4	3.4%
2016	10,352	269,938,752	26,076	32.6	3.1%
2017	10,352	295,280,448	28,524	34.2	2.7%
2018	10,352	350,218,512	33,831	38.2	2.1%
2019	10,352	369,276,544	35,672	38.5	2.0%
2020	10,352	Information currently not available			6.6%

Sources: United States Census Bureau and the Iowa Workforce Development.

CITY OF PELLA, IOWA
Schedule 17
PRINCIPAL EMPLOYERS
CURRENT AND TEN YEARS AGO

Employer	Type of Business	2020			2010		
		Employees	Rank	Percent of total Employment*	Employees	Rank	Percent of total Employment
Pella Corporation	Windows/Doors Manufacturing	2661	1	14.95%			
Vermeer Corporation	Industrial & Forage Equipment	2643	2	14.85%			
Pella Regional Health Center	Hospital & Clinics	842	3	4.73%			
Central College	4-year Liberal Arts College	469	4	2.63%			
Pella Community School District	Primary Education	405	5	2.28%			*Data is not available
Precision Pulley & Idler	Conveyor Pulleys & Idlers	293	6	1.65%			
City of Pella	Municipal Government	213	7	1.20%			
Hearthstone	Senior Care	179	8	1.01%			
Hy-Vee Food Store	Grocery, Catering & Spirits	165	9	0.93%			
Wal-Mart	Retail	160	10	0.90%			

Comparative data is not currently available.

*Marion County Labor Force

CITY OF PELLA, IOWA

Schedule 18

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM LAST TEN FISCAL PERIODS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Function/Program										
Public Safety:										
Police-Communication Center/Facility	6.00	6.00	6.38	6.38	6.38	6.38	6.38	6.38	6.38	6.38
Police-Patrol Operations	17.00	18.00	17.00	17.00	16.00	16.00	15.00	15.00	15.00	15.00
Code Enforcement					1.00	1.00	1.00	1.00	1.00	1.00
Public Works										
Administration	1.54	1.54	2.18	1.88	1.88	2.55	2.33	2.33	2.33	2.33
Street Operations	8.57	8.57	8.32	8.32	9.32	7.82	8.46	8.46	8.46	8.46
Culture and Recreation										
Library	3.00	3.00	3.62	3.62	3.62	3.62	3.62	3.62	3.62	3.62
Community Center	2.59	2.34	2.59	2.02	2.02	3.02	2.59	1.25	1.25	2.00
Parks	4.83	5.33	5.08	5.08	5.08	4.08	4.08	4.25	4.25	3.50
Recreation	4.33	2.33	2.33	2.33	2.33	2.33	2.33	2.00	1.00	1.00
Community and Economic Development										
Planning & Zoning	4.00	4.00	4.00	3.30	2.30	2.30	2.08	2.08	2.08	2.08
General Government										
City Administration	8.25	7.00	7.00	6.57	6.57	5.57	6.38	5.88	6.08	6.08
Personnel/Payroll	2.00	2.00	2.00	2.00	2.00	2.00	1.62	1.62	1.42	1.42
Business-type Activities										
Water	8.45	9.45	9.93	9.93	9.93	9.90	9.80	9.80	10.30	10.30
Sewer	8.45	7.45	7.57	7.57	7.57	7.43	7.33	7.33	6.83	6.83
Electric	15.00	16.00	15.00	15.00	16.00	16.00	17.00	18.00	33.00	33.00
Telecommunications	2.00									
Total	96.00	93.00	93.00	91.00	92.00	90.00	90.00	89.00	103.00	103.00

Source: City payroll records

CITY OF PELLA, IOWA
Schedule 19
OPERATING INDICATORS BY DEPARTMENT
LAST TEN FISCAL PERIODS

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police										
Number of parking tickets issued	1,016	797	1,938	1,119	1,293	1,245	1,154	1,408	1,687	1,335
Percent of parking tickets paid	83	78	79	91	94	99	100	100	100	100
Calls for service	8,484	4,963	8,713	9,079	8,817	8,725	7,799	7,166	7,442	7,219
Case Reports	486	297	654	940	1,030	1,065	1,109	1,002	1,146	1,064
Fed UCR Part 1 Crimes	258	170	326	339	411	428	463	482	502	421
Fire										
Total incidents	88	100	88	73	102	93	70	63	53	79
Total estimated loss-Don't have										
Development Services										
Total building permits issued	166	125	127	112	100	123	115	92	88	115
Total value of permits issued	114,536,754	55,229,966	32,180,180	22,456,987	34,350,238	36,371,227	38,438,744	29,325,698	12,493,044	10,980,697
Public Works										
Lane miles of streets per operator	22	22	21	21	21	21	21	21	21	21
Airport*										
Aircraft take-offs and landings	10,000	10,000								
Based aircraft	34	34								
Library										
Volumes in collection	81,725	81,991	80,907	82,845	84,109	84,324	84,079	85,202	83,773	79,319
Annual circulation	205,649	239,227	239,888	253,380	255,368	268,811	266,958	267,016	282,321	272,188
Parks and Recreation										
Aquatic center attendance	39,211	50,873	50,258	55,414	68,670	47,000	59,127	59,658	62,396	44,071
Art center attendance	1,150	1,022	1,318	1,549	1,743	1,575	1,400	4,706	5,592	4,508
Athletic field rentals	920	2,244	1,674	1,583	1,256	1,139	987			
Community Center/Memorial Bldg room rentals	328	685	727	913	1,199	1,100	1,159			
Games/ice skates rented	41	69	65	87	58	34	20			
Garden plots rented	24	24	24	24	24	24	24			
Park shelter reservations	165	205	185	228	192	202	166	160	175	161
Rec program participation	999	961	968	938	782	923	922	1,168	1,214	1,154
Union Street Players performance attendance	2,334	2,814	2,940	1,843	3,506	2,794	2,671	2,224	1,755	2,861
Total acres of parks maintained	462	267	267	267	267	267	267	160	160	160
Total miles of trails maintained	11.0	5.5	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Water										
Gallons sold	324,630,998	325,568,404	370,689,667	340,618,564	351,482,606	346,961,721	382,187,078	377,018,490	424,667,902	372,121,980
Water Meters	4,601	4,549	4,540	4,532	4,508	4,470	4,453	4,387	4,394	4,389
Electric										
kWh sold	175,779,776	182,028,250	190,100,087	184,657,099	186,021,785	184,935,353	189,302,320	189,676,326	187,247,132	188,866,479
Electric customers	4,963	4,923	5,003	4,988	4,969	4,953	4,936	4,884	4,843	4,805

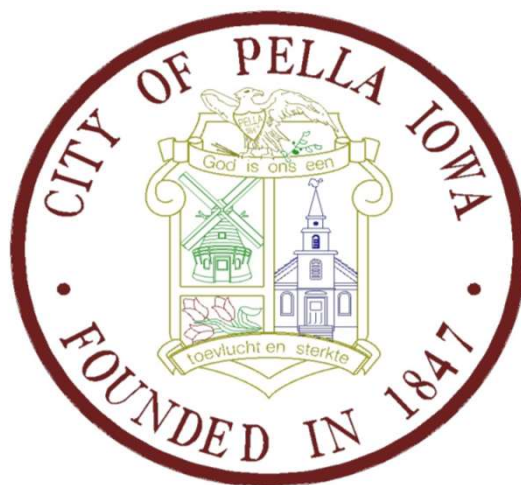
Source: City Department data

*Airport data for 2011 through 2018 is unavailable

CITY OF PELLA, IOWA
Schedule 20
CAPITAL ASSETS STATISTICS BY DEPARTMENT
LAST TEN FISCAL PERIODS

Department	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police: Stations	1	1	1	1	1	1	1	1	1	1
Fire: Stations	1	1	1	1	1	1	1	1	1	1
Public Works:										
Streets (Miles):										
Paved	66	65	64	64	64	64	64	64	63	63
Unpaved	1	1	1	1	1	1	1	1	1	1
Water (Miles):										
Water Mains	82	81	80	80	80	80	80	80	79	79
Fire Hydrants	625	612	611	611	611	611	611	611	610	610
Wastewater (Miles):										
Storm Sewer	25	24	23	23	23	23	23	23	22	22
Sanitary Sewer	80	79	78	78	78	78	78	78	77	77
Parks & recreation										
Park/Sports Complexes Acreage	462	267	267	267	267	267	267	160	160	160
Parks (number of parks)	15	15	15	15	15	15	14	14	14	14
Sports complexes	2	2	2	2	2	1	1	1	1	1
Parks with Playground Equipment	10	10	10	10	10	9	9	8	8	8
Miles of Trails	11.0	5.5	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Baseball/Softball Diamonds	8	8	8	8	8	5	5	5	5	5
Sand Volleyball Courts	1	1	1	1	1	1	1	1	1	1
Soccer/Football Fields	19	18	18	18	18	10	10	10	10	10
Pickleball Courts	12	12	6							
Basketball Courts-Outdoor	4	4	4	4	4	4	4	4	4	4
Basketball Courts-Indoor				1	1	1	1	1	1	1
Tennis Courts	10	10	12	12	12	12	12	12	12	12
Skate Parks	1	1	1	1	1	1	1	1	1	1
Swimming pools-Indoor	1	1	1	1	1	1	1	1	1	1
Swimming pools-Outdoor	2	2	2	2	2	2	2	2	2	2
Aquatic Centers	1	1	1	1	1	1	1	1	1	1
Golf Courses	1									
Libraries										
Facilities	1	1	1	1	1	1	1	1	1	1
Volumes in collection	81,725	81,991	80,907	82,845	84,109	84,324	84,079	85,202	83,773	79,319
Electric										
Plants (Diesel)	1	1	1	1	1	1	1	1	1	1
Substations	5	5	5	5	6	7	7	8	8	7

Source: Department capital asset records





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Van Maanen, Sietstra, Meyer & Nikkel, PC
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Honorable Mayor and Members of the City Council
City of Pella, Iowa:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Pella, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 26, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Pella's internal control over financial reporting to determine the auditing procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Pella's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Pella's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Pella's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Pella's Responses to Findings

The City of Pella's responses to findings identified in our audit are described in the accompanying Schedule of Findings. The City of Pella's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Pella during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Van Maanen, Sietstra, Meyer & Nikkel PC

Van Maanen, Sietstra, Meyer & Nikkel, PC
Certified Public Accountants

January 26, 2021

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part II: Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget - Expenditures for the year ended June 30, 2020, exceeded the budget in the culture and recreation, community and economic development and general government functions. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual continuing appropriation."

Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - The budget will be amended in the future, if applicable.

Conclusion - Response accepted.

- (2) Questionable Disbursements - No disbursements were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

- (3) Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

- (4) Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Dave Hopkins, City Council member, Owner of Hopkins Roofing Inc	2019 Community roof repair	\$39,900

The transaction with the Council Member does not appear to represent a conflict of interest since it was entered into the competitive bidding in accordance with Chapter 362.5(3)(d) of the Code of Iowa.

- (5) Restricted Donor Activity – No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- (6) Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- (7) Council Minutes - No transactions were found that should have been approved in the Council Minutes but were not.
- (8) Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- (9) Revenue Bonds - The City has complied with the provisions of the revenue bond indentures.
- (10) Annual Urban Renewal Report – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1, 2018.

- (11) Financial Condition – At June 30, 2020 the City had a deficit balance in the following fund:

<u>Fund</u>	<u>Amount</u>
Enterprise:	
Telecommunication	\$ (601,357)

Recommendation – The City should investigate alternatives to eliminate these deficits to return these funds to a sound financial position.

Response – The City will review available resources to return the funds to a sound financial position.

Conclusion – Response Accepted.

- (12) Telecommunication Services – No instances of non-compliance with Chapter 388.10 of the Code of Iowa were noted.